To our shareholders and investors

MILLEA

# Millea Holdings
# Corporate Presentation

November 27, 2003

Kunio Ishihara
President
Millea Holdings, Inc.

# Table of Contents

# Interim Results of FY03 for Non-life Business (Tokio Marine + Nichido Fire)

◆ **Summary results for the 6 months ended Sep. 30, 2003**

**Sum of non-life businesses** (Unit: \ bn)

| | 1st half of FY02 | | 1st half of FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| Net premiums written | 904.2 | 6.4% | 942.7 | 38.4 | 4.3% |
| Underwriting profit | 16.1 | 28.8% | 50.2 | 34.1 | 211.1% |
| Loss ratio | 52.6% | | 52.6% | 0.0% | |
| Expense ratio | 34.2% | | 32.2% | ▲2.0% | |
| Combined ratio | 86.8% | | 84.8% | ▲2.0% | |
| Ordinary profit | 137.3 | 148.5% | 96.0 | ▲ 41.3 | ▲30.1% |
| Net income | 88.8 | 132.3% | 56.3 | ▲ 32.5 | ▲36.6% |

| | | As of end of Mar. 2003 | As of end of Sep. 2003 |
|---|---|---|---|
| Solvency margin ratio | Tokio Marine | 1087.5% | 1057.4% |
| | Nichido Fire | 961.2% | 1014.1% |

○Excluding CALI effect:

Net premiums written: ¥864.2bn (▲0.6%)
Loss ratio: 56.1% (+1.4%)
Expense ratio: 35.1% (▲0.4%)
Combined ratio:91.2% (+1.0%)
Underwriting balance ratio:8.8% (▲1.0%)

**Excluding CALI effect:**

○Achieved a record high underwriting profit of ¥50.2bn for an interim period even though NPW slightly decreased 0.6%

○ Due to natural disasters, loss ratio worsened but expense ratio improved

○Maintained ordinary profit and net income at a high level even though investment income substantially decreased in the absence of gains from an ETF

# Interim Results of FY03 for Life Business (Tokio Marine Life +Nichido Life)

◆ Summary results for the 6 months ended Sep. 30, 2003

(Unit: \ bn)

| | 1st half of FY02 | | 1st half of FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| New business (sum insured) | 711.5 | 32.0% | 997.0 | 285.4 | 40.1% |
| API on new policies | 21.8 | 29.0% | 32.7 | 10.8 | 49.7% |
| No. of new policies issued | 111,810 | 8.2% | 188,266 | 76,456 | 68.4% |
| In-force business (sum insured) | 8,322.2 | 4.2% | 9,697.0 | 572.0 | 6.3% |
| No. of policies in force | 1,102,510 | 6.8% | 1,432,241 | 136,959 | 10.6% |
| Premium income | 148.3 | 44.8% | 187.8 | 39.4 | 26.6% |
| Operating expenses | 23.4 | 10.5% | 27.2 | 3.8 | 16.4% |
| Ordinary profit | 20.0 | 225.3% | 8.5 | ▲ 11.4 | ▲57.3% |
| Net income | 12.7 | 228.6% | 4.8 | ▲ 7.9 | ▲61.8% |
| Core operating profit | 6.0 | ▲13.9% | 5.0 | ▲ 1 | ▲17.0% |

Note1: The business volume and number of policies are the sum of individual life and annuity insurance
Note2: Y to Y change of in-force business and no. of policies in force are comparison with the amount as of Mar. 31, 2003

| | | As of end of Mar. 2003 | As of end of Sep. 2003 |
|---|---|---|---|
| Solvency margin ratio | Tokio Marine Life | 1917.8% | 2529.7% |
| | Nichido Life | 2281.5% | 1930.6% |

○New business increased both on the first and third sector products. Because of the sales of single-premium annuities, premium income substantially increased

○Ordinary profit decreased because of substantial decrease of gains on interest rate swaps which we recognized upon the adoption of new accounting standard in FY02. As a result, in the 1st half of FY03, net income was negatively affected by ¥7.1bn

# Table of Contents

# Forecasts for Non-life Business (Tokio Marine + Nichido Fire)

♦Summary of forecasts for FY03

(unit: \bn)

| | FY02 | | FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| Net premiums written | 1,866.0 | 8.5% | 1,919.0 | 52.9 | 2.8% |
| Underwriting profit | 47.3 | 11.6% | 57.2 | +9.9 | 21.0% |
| Loss ratio | 52.7% | | 55.2% | 2.5% | |
| Expense ratio | 32.7% | | 31.8% | ▲0.8% | |
| Combined ratio | 85.3% | | 87.0% | 1.7% | |
| Ordinary profit | 180.2 | 128.5% | 126.0 | ▲54.2 | ▲30.1% |
| Net income | 109.1 | 130.4% | 65.0 | ▲44.1 | ▲40.4% |

〇Excluding CALI effect:

Net premiums written: ¥1,763.7bn (+0.5%)
Loss ratio:57.9% (+1.9%)
Expense ratio:34.6% (▲0.1%)
Combined ratio: 92.5% (+1.9%)
Underwriting balance ratio: 7.5% (▲1.9%)

**Excluding CALI effect:**

〇NPW +0.5% (Tokio Marine +0.5%, Nichido Fire +0.7%). Loss ratio worsens 1.9 points, including natural disasters of ¥21bn. Underwriting profit increases 21% to ¥57.2bn, with a decreased burden of both ordinary policy and claims reserves

( Natural disasters:
FY01 ¥5.7bn, FY02 ¥10.8bn )

〇Ordinary profit and net income decrease mainly due to decrease in investment income in the absence of gains from an ETF

# Table of Contents

# Why Invest in Millea Holdings?

## 1. Management focused on maximizing corporate value

**Management focusing on raising consolidated ROE**
→ **Maximize corporate value (market capitalization)**
**Adjusted ROE FY02: 3.8%, FY03(projection): 4.6%**
→ **FY05: approx. 6%, in ten years: approx. 10%**

## 2. High potential for profit growth

**Grow from a leading Japanese non-life insurer into a top-tier insurer of the world by expanding life and overseas insurance businesses**
**Adjusted earnings FY02: ¥105bn, FY03(projection): ¥127.3bn** → **FY05: approx. ¥160bn**

## 3. Capital strategy (emphasizing shareholder value)

### Share repurchase

**Basic principle**

**Pay back excess capital to shareholders**

**FY03 repurchase plan**

**Maximum 120,000 shares, ¥100bn**

Status as of Nov. 26, 2003

Aggregate no. of shares repurchased: 40,864shares

Aggregate purchase price of shares: ¥49.1bn

(@¥1.2 million)

### Dividends to shareholders

**Basic principle**

**Stable and high level of dividends to shareholders**

**FY03**

**¥10,000 per share**

FY01

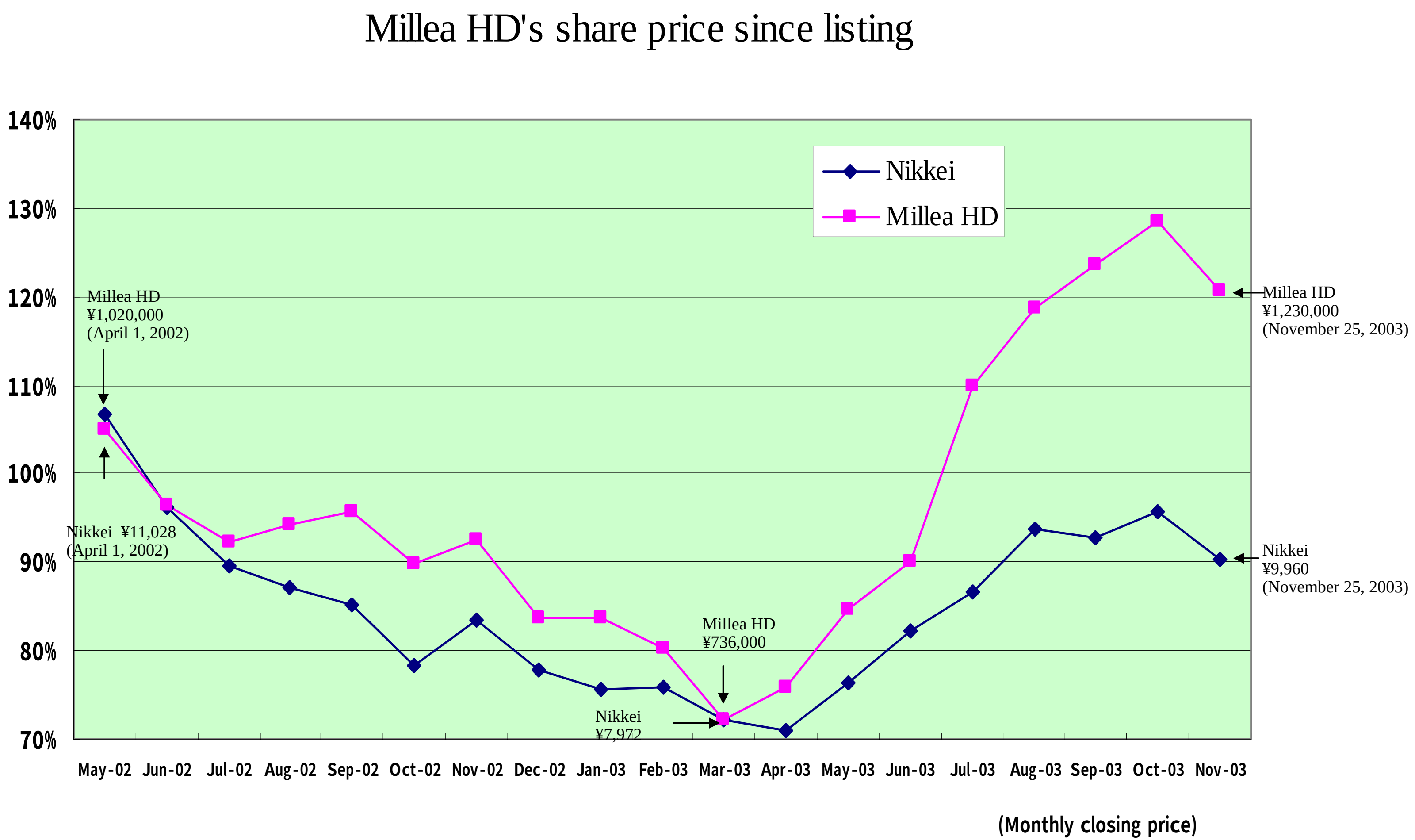
Total sum of dividends paid by Tokio Marine and Nichido Fire : ¥16.5bn

→

FY02

Millea HD's dividends: ¥18.5bn (12% Yon Y increase)

# Millea HD's Share Price



# Market Capitalization

**Japanese financial institutions** **(Unit: ¥ million)**

**(As of Nov. 25, 2003)**

| Rank | Company | Market cap. |
|---|---|---|
| 1 | MTFG | 4,914,627 |
| 2 | Nomura Holdings | 3,410,871 |
| 3 | SMFG | 2,967,557 |
| 4 | Mizuho Financial Group | 2,778,647 |
| 5 | Millea Holdings | 2,284,170 |
| 6 | UFJ Holdings | 2,173,692 |
| 7 | Mitsui Sumitomo Insurance | 1,250,510 |
| 8 | Nikko Cordial Group | 1,038,502 |
| 9 | Daiwa Securities Group | 934,878 |
| 10 | Mizuho Trust | 894,407 |
| 11 | Sompo Japan | 831,672 |
| 12 | Sumitomo Trust | 822,823 |
| 13 | Resona Holdings | 780,196 |
| 14 | Shizuoka Bank | 584,351 |
| 15 | Mitsubishi Securities | 545,267 |
| 16 | Bank of Yokohama | 506,706 |
| 17 | Nipponkoa Insurance | 480,934 |
| 18 | Daido Life | 472,500 |
| 19 | Mitsui Trust Holdings | 435,139 |
| 20 | Chiba Bank | 388,940 |

**(Ranked 4th on Mar. 31, 2003)**

**Insurance companies of the world** **(Unit: ¥ million)**

**(As of Nov. 25, 2003)**

| Rank | Company | Market cap. |
|---|---|---|
| 1 | AIG | 16,321,442 |
| 2 | Berkshire Hathaway | 14,172,374 |
| 3 | ING Groep NV | 4,811,115 |
| 4 | Allianz AG | 4,286,215 |
| 5 | AXA | 3,623,174 |
| 6 | Generali | 3,408,065 |
| 7 | Allstate Corporation | 3,110,282 |
| 8 | Munich Re | 2,840,304 |
| 9 | Met Life | 2,688,188 |
| 10 | Marsh & Mclennan | 2,570,948 |
| 11 | Millea Holdings | 2,284,170 |
| 12 | Prudential Financial | 2,272,249 |
| 13 | AEGON | 2,171,998 |
| 14 | Swiss Re | 2,155,728 |
| 15 | Zurich Financial Services | 2,032,230 |
| 16 | Aviva plc | 1,995,671 |
| 17 | AFLAC | 1,975,188 |
| 18 | Travelers P&C | 1,705,779 |
| 19 | Prudential plc | 1,700,946 |
| 20 | Hartford Financial | 1,700,224 |

**(Ranked 20th on Mar. 31, 2003)**

# Maximize Corporate Value

**Maximize corporate value**
**(market capitalization)**

**Create an optimum business portfolio that delivers high profitability and growth, based on risk/return analysis**

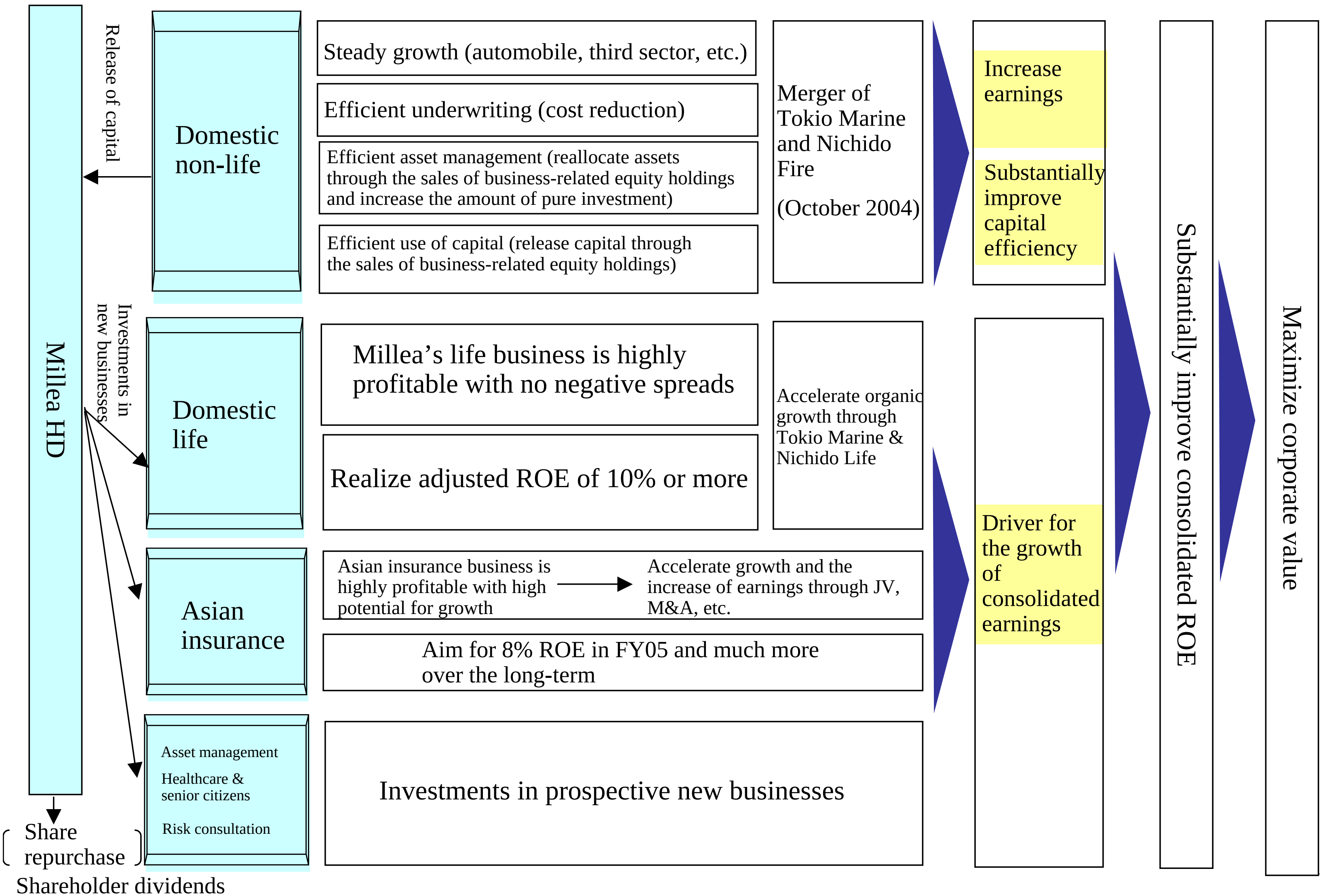
**Maximize earnings from the core businesses**
- Enhance growth potential and cost-competitiveness in the non-life insurance business
- Strengthen the life insurance business and increase its earnings

**Increase capital efficiency (ROE)**
- Expand the business domain
- More efficient allocation of capital

**Achieve continuous growth of earnings, increase ROE and maximize corporate value for the medium to long-term, by creating an optimum business portfolio**

**Improve disclosure to investors**

# Strategic Vision (towards Maximizing Corporate Value)



# Target Business Portfolio ① (Medium-term Objectives)

Continuously increase earnings by building an optimum business portfolio
FY05: adjusted earnings: approx. ¥160bn, adjusted ROE:approx. 6%

(Unit:¥ bn)

| Business domains | | FY02 (actual) | FY03 (projection) | FY05 |
|---|---|---|---|---|
| Adjusted earnings | Domestic non-life insurance | 100.5 | 96.2 | 70% of total |
| | Domestic life insurance | -0.1 | 23.9 | 30% of total |
| | Overseas insurance | 3.5 | 6.5 | |
| | Millea Asia | 0.9 | 1.0 | |
| | Other businesses | 1.0 | 0.7 | |
| | Total | 105.0 | 127.3 | Approx. 160 |
| Adjusted ROE | | 3.8% | 4.6% | Approx. 6% |

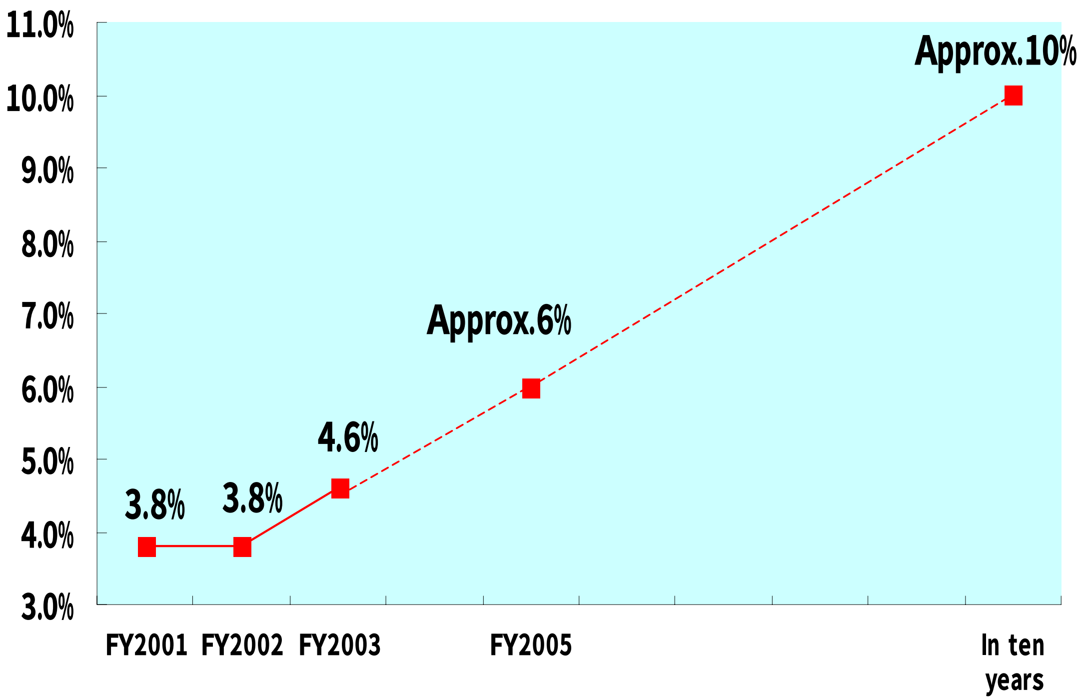
# Target Business Portfolio ② (Long-term Objectives)

Achieve further profit growth and improve capital efficiency on a consolidated basis
Aim to be a top-tier insurance group of the world by achieving the following in ten years:

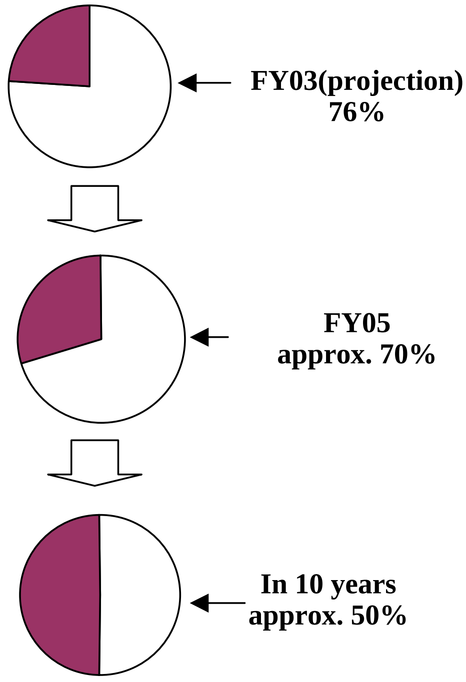
Adjusted ROE: approx. 10%

Percentage of earnings from the domestic non-life business: approx. 50%

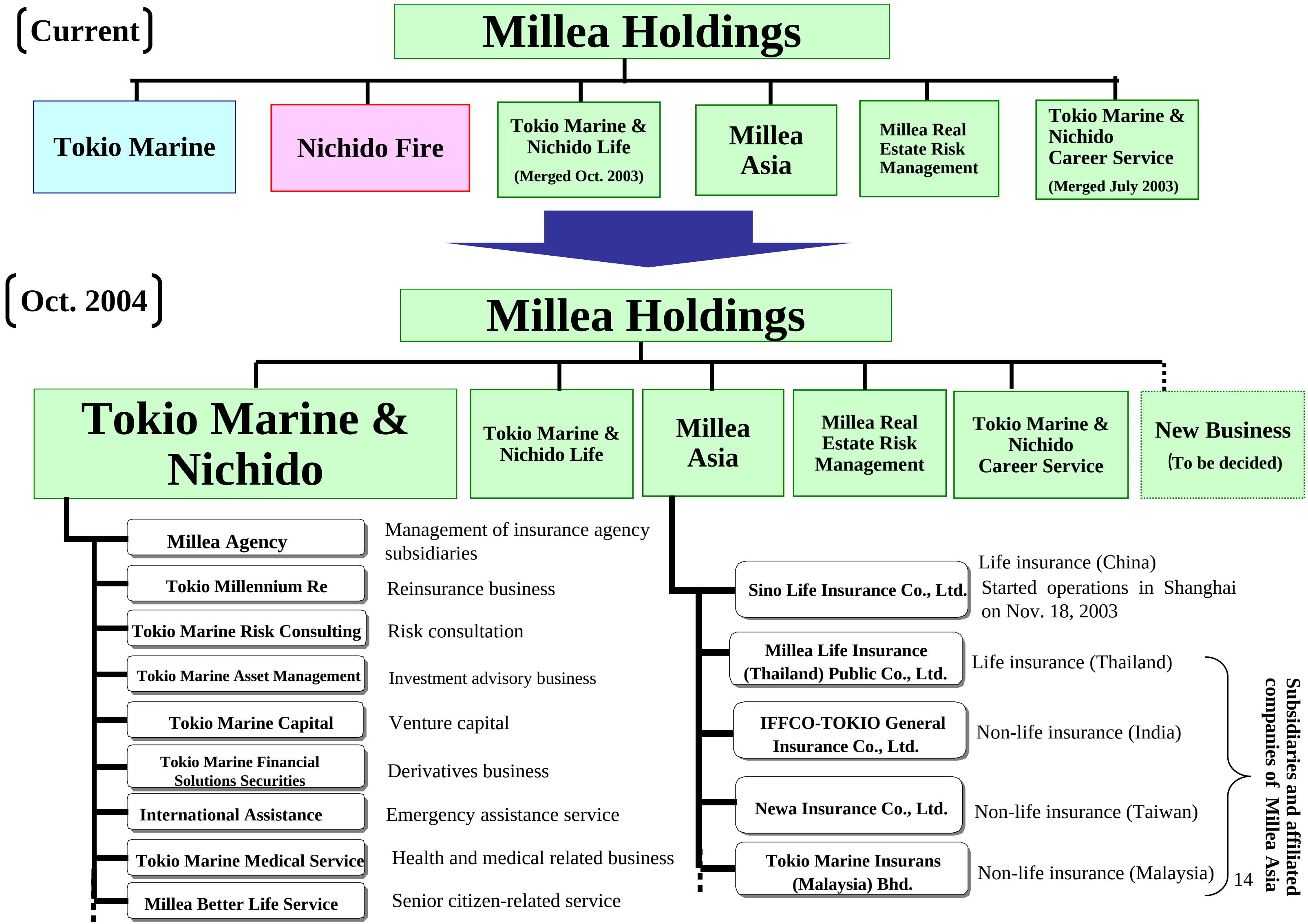
**Improvement of ROE (adjusted ROE)**




**Percentage of earnings from the domestic non-life business**



# Millea Group



# Schedule for the Merger

| FY03 | | FY04 |
|---|---|---|
| From April through September | From October through March | From April through September |
| ＜Phase Ⅰ＞ Build organizational and strategic design for the new company | ＜Phase Ⅱ＞ Initial stage for integration as the new company | ＜Phase Ⅲ＞ Commence operations as if one company |

**＜Phase Ⅱ (October 2003 through March 2004)＞**

- **Integrate marketing and claims offices**

**＜Phase Ⅲ (April 2004 through September 2004)＞**

- **Commence operations as if one company and prepare for the merger**
  **→ Integrate the following:**
  **Marketing policy, agency administration system, budgeting, and compliance policy, etc.**

# Medium-term Objectives

**With the effect of streamlined operations and growth utilizing the merger, in FY05 we aim for:**

**Expense ratio: 32.8%(excluding CALI effect)**

**Adjusted earnings: approx. ¥110bn**

(Unit:¥bn)

| | FY02(actual) | FY03(projection) | FY05 |
|---|---|---|---|
| Net premiums written | 1,866 | 1,919 | 2,000 |
| Expense ratio | 32.7% | 31.8% | 30.2% |
| Adjusted earnings | 100.5 | 96.2 | Approx. 110 |

＊Excluding CALI effect

| | FY02(actual) | FY03(projection) | FY05 |
|---|---|---|---|
| Net premiums written | 1,754.7 | 1,763.7 | 1,840 |
| Expense ratio | 34.7% | 34.6% | 32.8% |

The average annual growth of NPW from FY04 through FY05 is approx. 2%

# Growth Strategy 1 (Auto)

**Principal strategy: Implement value-added strategy (high quality coverages and services, competitive pricing) and achieve continuous growth of profit**

**August 2003**

- **Launched a risk differentiated product**
  - **“TAP Navi” (Tokio Marine)**
  - **“Shimpai Gomuyo (care free) Navi” (Nichido Fire)**
- **Made an approx. 2% cutting in premiums for major vehicle models to strengthen price-competitiveness**
- **Improve the quality of services: Differentiate us with “One-call Full Guard Service” which provides full support to policyholders at accident sites**

→ **The number of new policies is currently on the increase**

**Future initiatives**

- **Sales: Strengthen marketing efforts for new policies, provide enhanced coverages and increase the number of capable agents**
- **Products: Further improve the quality of products and services**

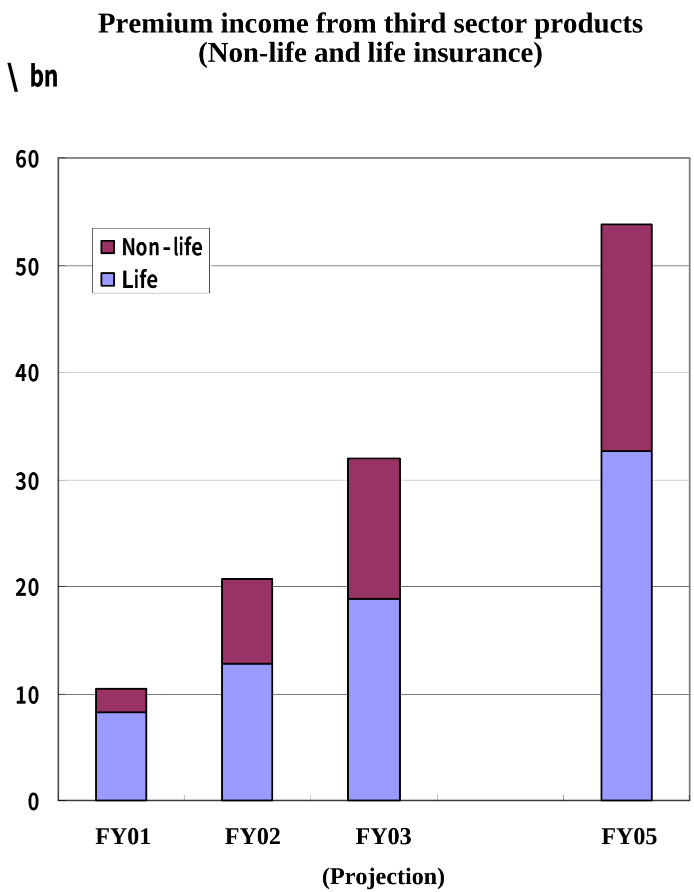
**Profitability of auto insurance (1st half of FY03)**

(¥ bn, %)

| | NPW | | Loss ratio | | Expense ratio | | Underwriting balance ratio | | FY02 Underwriting balance ratio |
|---|---|---|---|---|---|---|---|---|---|
| | | Change | | Change | | Change | | Change | |
| Tokio Marine | 3,371 | ▲2.0% | 59.6% | 1.3% | 29.8% | ▲0.7% | 10.5% | ▲0.5% | 9.2% |
| Nichido Fire | 1,003 | ▲2.9% | 64.2% | 3.0% | 34.7% | 0.3% | 1.1% | ▲3.3% | 3.8% |
| Millea | 4,374 | ▲2.2% | 60.7% | 1.6% | 31.0% | ▲0.5% | 8.4% | ▲1.2% | 7.9% |

(Financial accounting basis)

# Growth Strategy 2 (Third Sector Products)




(Premium income)

| | FY01 | FY02 | FY03 (Projection) | FY05 |
|---|---|---|---|---|
| Non-life | 2.19 | 7.8 | 13.2 | 21.1 |
| Life | 8.3 | 12.8 | 18.8 | 32.6 |
| Total | 10.49 | 20.6 | 32 | 53.7 |

(Unit: \bn)

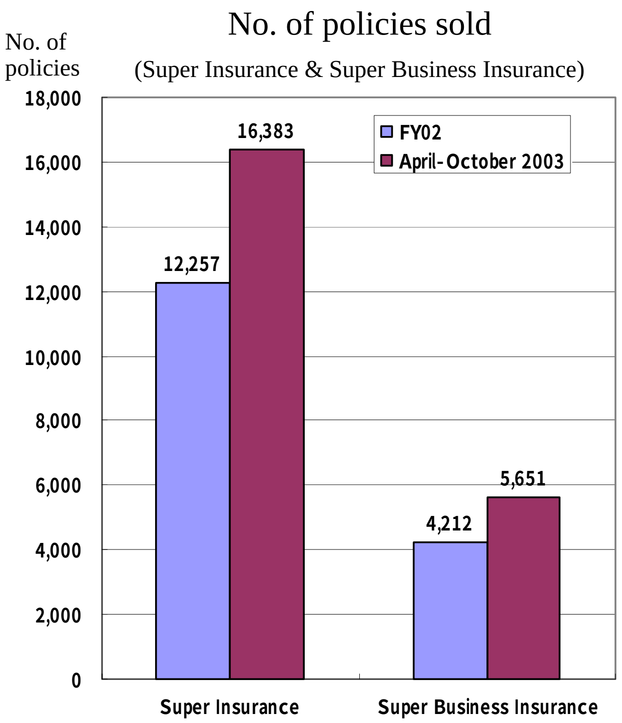
**<Non-life>**

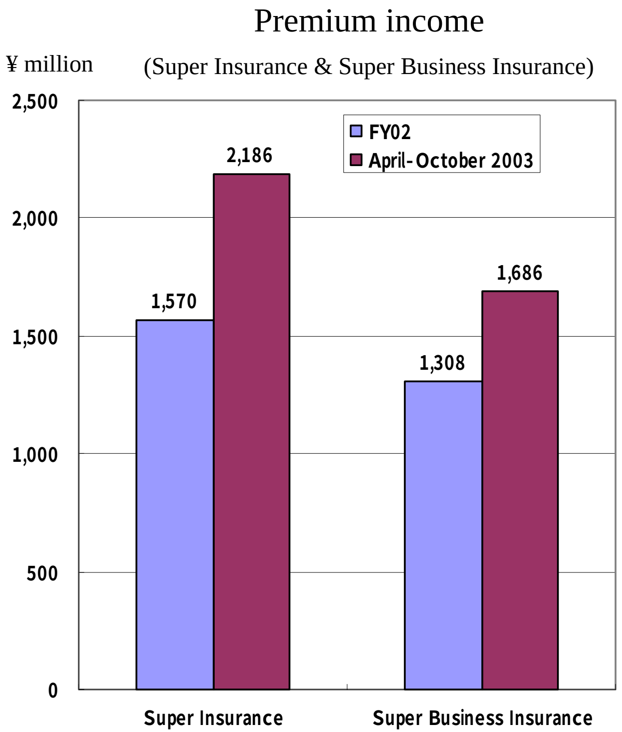
- **Develop the corporate employee market**

**<Life>**

- **A new medical insurance product, "Medical Mini" launched January 2003, selling very well**
- **Promote cross-selling (non-life and third sector products)**

# Growth Strategy 3 (“Super Insurance” and “Super Business Insurance”)




(Managerial accounting basis)

## Our strategic products

**Super Insurance <for individuals>:**

- **Develop Super Insurance into a main product in personal lines in some years**
- **Increasing the number of agents who sell this product**

**Super Business Insurance <for small and medium-sized businesses>:**

- **Provide comprehensive coverages to small and medium-sized businesses. Use this product to acquire new customers**

# 401 (k) Business

**By targeting the small and medium-sized business market, realize synergetic effect between life and non-life insurance businesses**

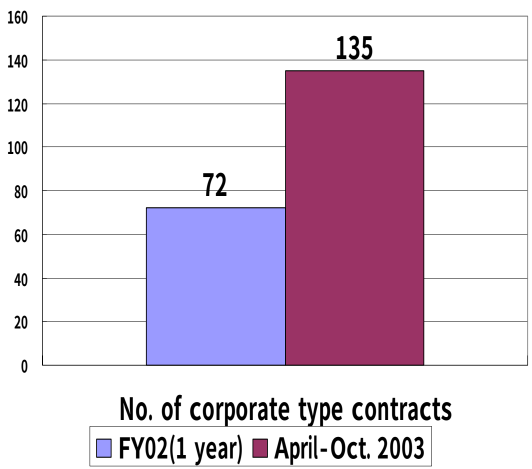
Provide customer-oriented consultation on pension and annuity systems

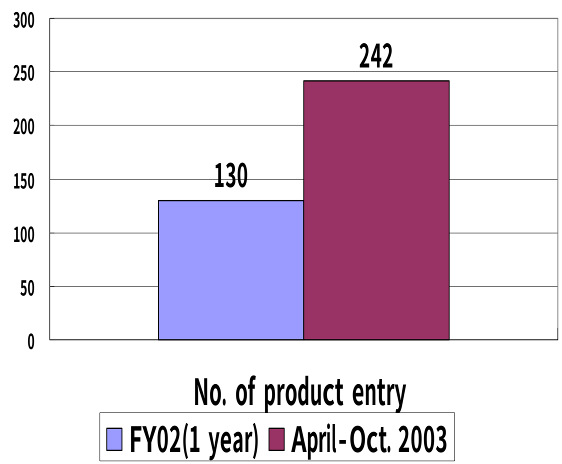
**Ranked at a high level in the small and medium-sized business market (acquired 151 corporations as of Nov. 25, 2003)**

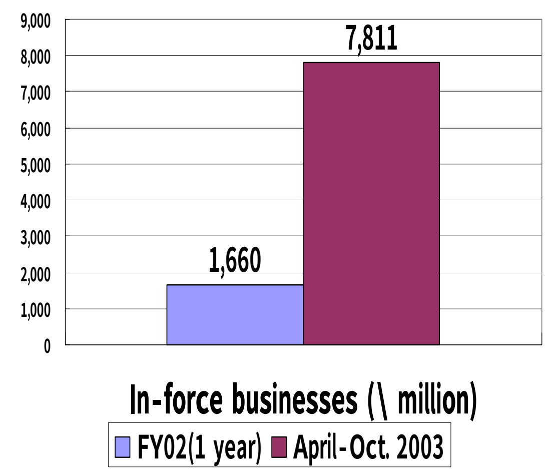
1. Developed a unique product, "Nattoku (understandable) 401(k)"

2. Competitiveness of a guaranteed principal-type product, "Nenkin Hakase (pension doctor)"

Approx. 40% of the above 151 corporations are new customers to Millea



# Promote Over-the-counter Sales at Banks

**Promote over-the-counter sales at banks to diversify sales channels and to respond to customer demand for "one-stop shopping"**

- **A wider range of product types along with deregulation**
  - Initial liberalization of sales in April 2001: Limited to four products (including life), such as long-term fire insurance for housing loans and overseas travel accident insurance
  - October 2002: The scope has been expanded to include individual annuities (variable and fixed ) and asset accumulation insurance
- **Expand sales network** No. of banks representing Millea (Tokio or Nichido) in over-the-counter sales (as of Sep. 30, 2003)

| | | Major banks (14), etc. | Regional banks (115), etc. | Shinkin banks (321), etc. |
|---|---|---|---|---|
| Non-life | Tokio Marine | 8 | 97 | 312 |
| | Nichido Fire | 6 | 57 | 35 |

- **Realized steady growth mainly in fire. Strengthen marketing efforts as an important channel going forward**

◆Over-the-counter sales at banks (unit:\ bn)

| | 1st half of FY02 | | 1st half of FY03 | | | |
|---|---|---|---|---|---|---|
| | Non-deposit insurance | Fire insurance | Non-deposit insurance | Change | Fire insurance | Change |
| Tokio Marine + Nichido Fire | 66.1 | 39.9 | 32.8 | 1.7% | 19.0 | 2.6% |

# Implement Structural Reform of Distribution Network

## Basic principle

• Realize an efficient distribution structure centering on agents

## Agency strategy

• Introduced a new agent commission structure, with greater emphasis on productivity

• Make agents more independent and larger in size

【No. of agents】

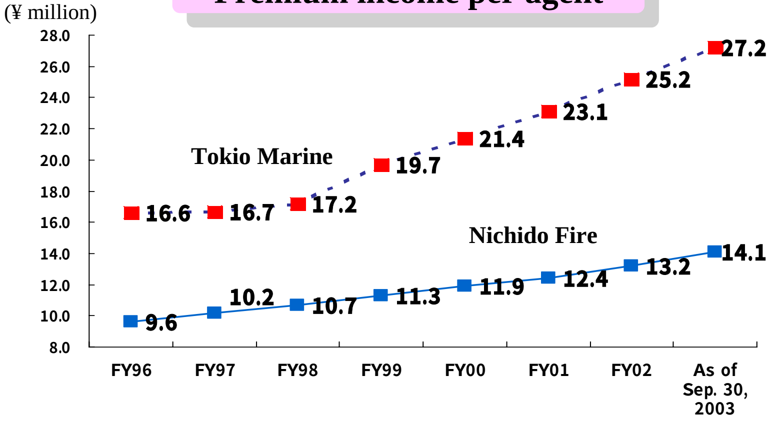
Tokio Marine

81,796 (FY96) → 52,153 (as of Sep. 30, 2003) ▲36.2%

Nichido Fire

35,871 (FY96) → 23,372 (as of Sep. 30, 2003) ▲34.8%

## Premium income per agent




※Figures are direct net premiums produced by agents divided by no. of agents

## Strengthen distribution channel

### Core agencies

● Integrate smaller agents, such as personally-managed agents, and develop core agencies in respective locations

● Type (1) Direct investment: Millea's directly-operated agencies with an infusion of management workforce and capital by Millea
This initiative has been implemented since FY01 and there currently exist 43 of such agencies with an average premium income of approx. ¥400 million a year. Millea Agency, founded for this purpose, has invested capital

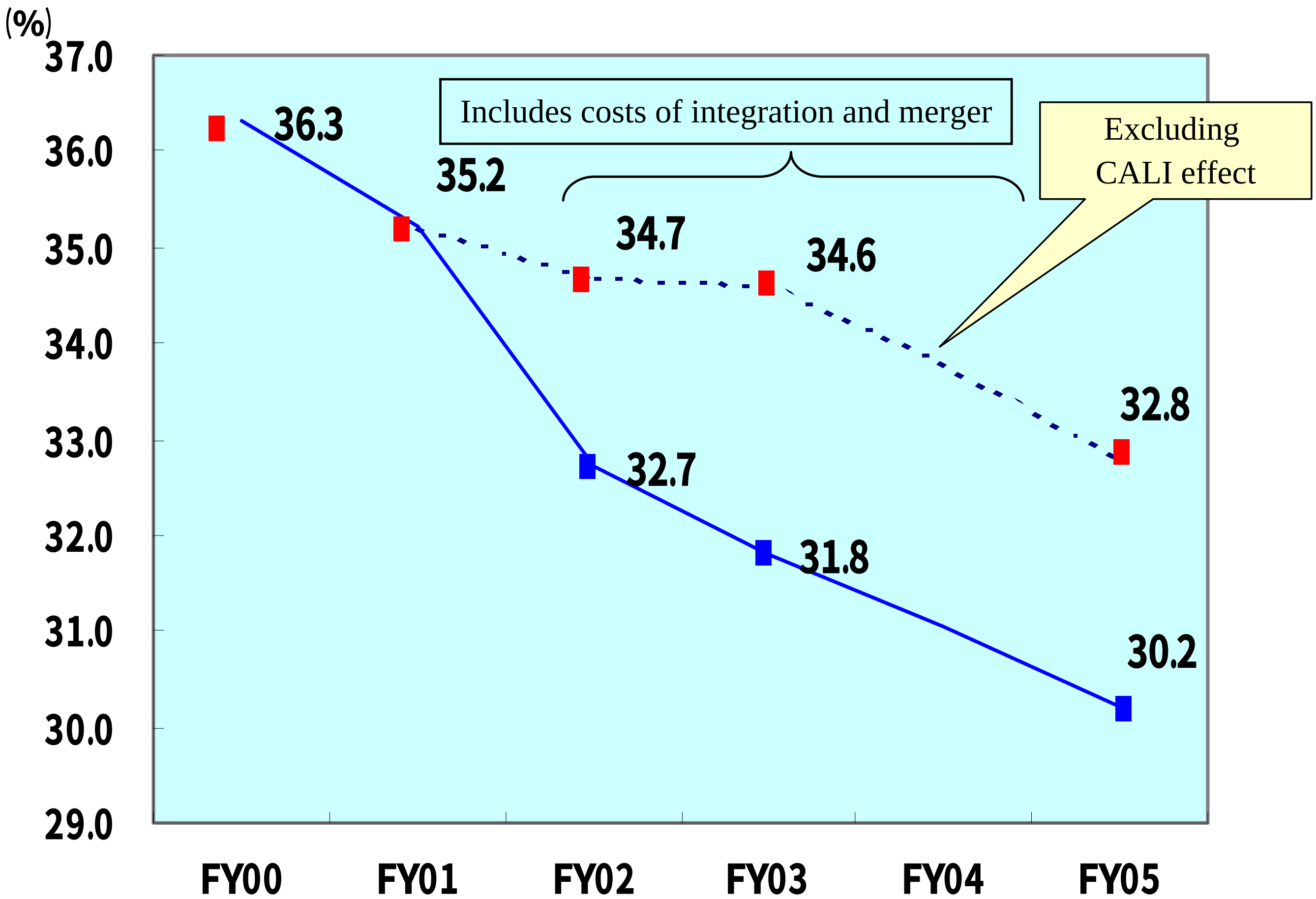
(2) Local development: Existing large professional agents and new large agents created through the merger of several agents serving as core agents. There currently exist more than 500 of such agencies

# Improve Efficiency (Plan for FY04 and FY05)

| | |
|---|---|
| Integration of marketing and claims offices | Reduce the number of marketing and claims offices by approx. 27% |
| Reduction of workforce | Reduce workforce by approx. 20% by the end of FY05 (vs. FY00) |
| IT systems | Reduce operation costs with merger effect |
| Real estate costs | Maximize synergy effect of office integration by selling redundant properties |
| Policy processing | Substantially reduce the number of application forms and other materials<br>Reconstruct distribution system |
| Others | Eliminate other duplications |

**<FY05> Reduce company expenses by ¥21bn (▲7%) (vs. FY03)**

# Improve Expense Ratio

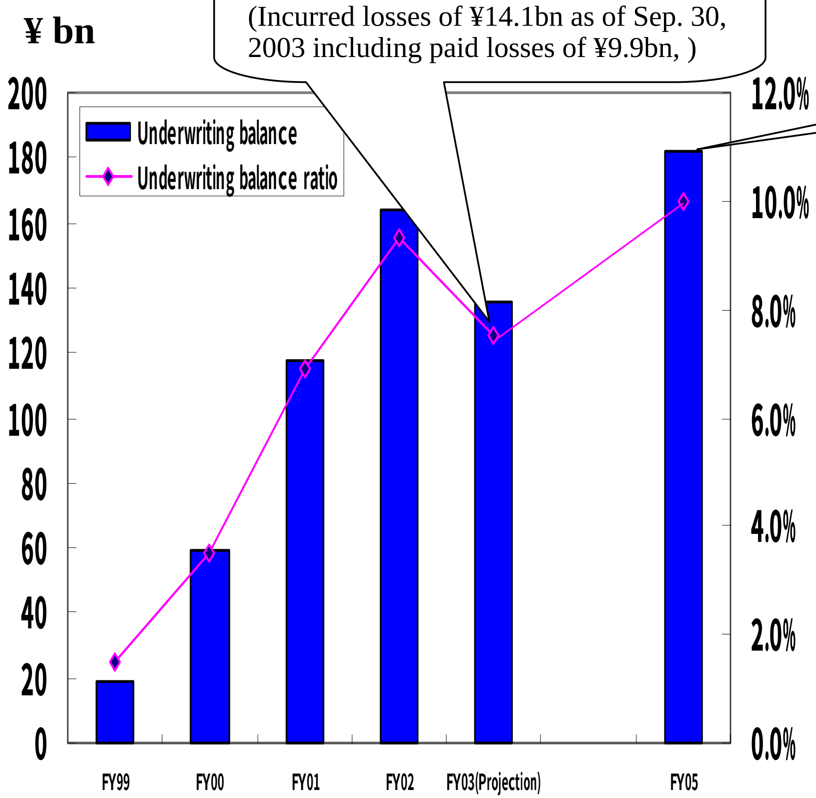


# Underwriting Balance Ratio/Underwriting Balance

Natural disaster losses estimated at ¥21bn

(Incurred losses of ¥14.1bn as of Sep. 30, 2003 including paid losses of ¥9.9bn, )

Natural disaster losses estimated at ¥21bn




| | FY99 | FY00 | FY01 | FY02 | FY03(Projection) | FY05 |
|---|---|---|---|---|---|---|
| Underwriting balance ratio | 1.5% | 3.5% | 6.9% | 9.3% | 7.5% | 10.0% |

| | Incurred losses as of Sep. 30, 2003 | | Estimated payment of natural disaster losses in FY03 | |
|---|---|---|---|---|
| | Tokio Marine | Nichido Fire | Tokio Marine | Nichido Fire |
| | 12.2 | 1.8 | 18 | 3 |
| Total | 14.1 | | 21 | |

(Unit: ¥ bn)

(Excluding CALI effect)

# Asset Management

**Improve ROE through implementing the following strategies in accordance with the characteristics of respective asset classes**

## Composition of assets under management

| | End of Mar. 2002 | End of Mar. 2003 | End of Sep. 2003 |
|---|---|---|---|
| Business-related investments | 39% | 31% | 35% |
| ALM | 38% | 46% | 43% |
| Pure investment | 5% | 7% | 6% |
| Real estate | 4% | 4% | 4% |
| Others (cash equivalents, etc.) | 13% | 12% | 12% |

(Tokio Marine + Nichido Fire)

## Composition of assets by types

(Unit: ¥ bn)

| | End of Mar. 2002 | | End of Mar. 2003 | | End of Sep. 2003 | |
|---|---|---|---|---|---|---|
| Domestic bonds | 1,890.9 | (23%) | 2,564.6 | (33%) | 2,371.8 | (29%) |
| Domestic equities | 3,117.3 | (37%) | 2,263.1 | (29%) | 2,691.2 | (33%) |
| Foreign bonds | 500.7 | (6%) | 394.6 | (5%) | 371.4 | (5%) |
| Foreign equities | 217.9 | (3%) | 205.3 | (3%) | 178.6 | (2%) |
| Loans | 827.6 | (10%) | 790.9 | (10%) | 761.3 | (9%) |
| Real estate | 354.7 | (4%) | 330.8 | (4%) | 324.6 | (4%) |
| Others | 1,464.0 | (17%) | 1,228.6 | (16%) | 1,449.1 | (18%) |
| Total | 8,373.1 | (100%) | 7,777.9 | (100%) | 8,147.9 | (100%) |

(Tokio Marine + Nichido Fire)

## Business-related investment

**Analyze the overall profitability of the insurance business and investments ➞ To improve capital efficiency, sell business-related equity holdings by approx. 10% by the end of FY05**

## ALM

**Strictly manage assets and liabilities on a marked-to-market value basis**
**➞ Steadily increase surplus (assets minus liabilities) on a marked-to-market value basis**

## Pure investment

**Improve ROE by making diversified investments ranging from conventional financial products to alternative investments ➞ Introduced advanced method of risk allocation**

# Life Insurance Business Strategy

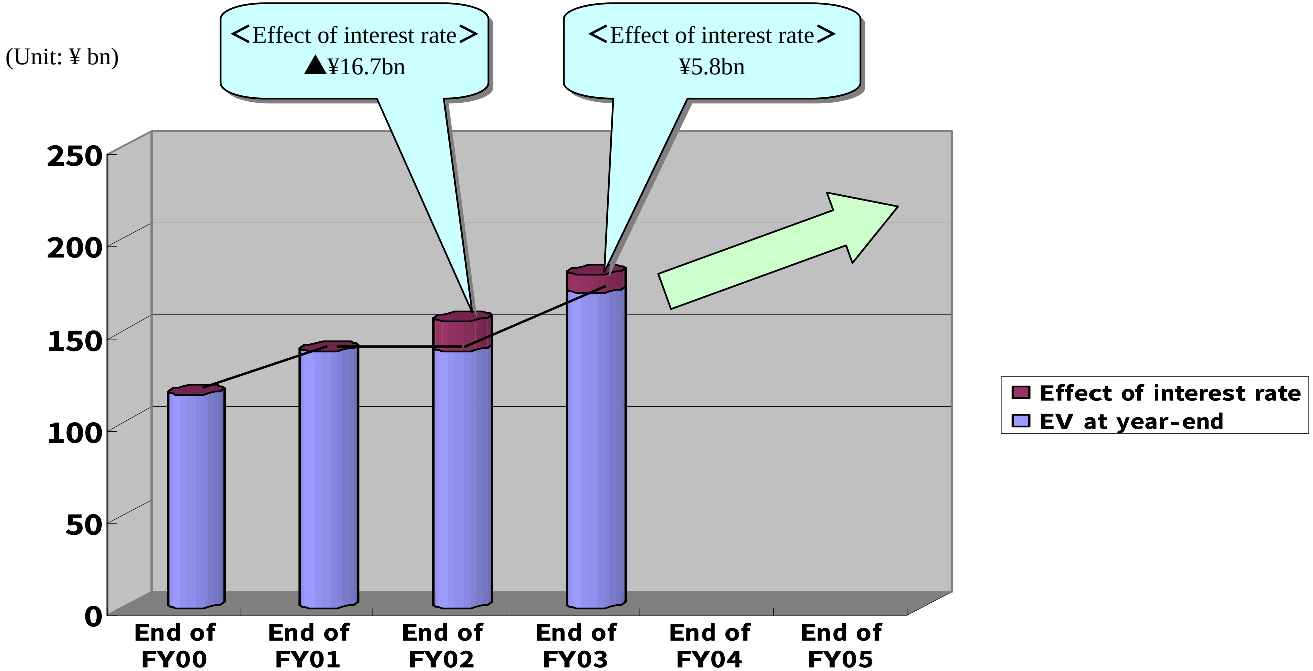
| <Business strategy> | <Current status> |
|---|---|
| **Cross-selling**<br>◆Significantly increase the number of Life Promoters (sales support personnel) to approx. 500 in the near future<br>◆Improve the productivity (the cross-selling ratio and unit price) through the merger of the two life companies | ◆(FY02) Deployed approx. 50 employees specialized in life insurance<br>(FY03) Deployed another 90 employees<br>◆After the merger, deploy employees specialized in life insurance to the former NDL as well |
| **Agents specialized in life insurance**<br>◆Increase the number of Life Partners (in-house sales personnel) and Life Pros through new hires or having other insurers' agents represent Tokio Marine & Nichido Life<br>・The number of LPs is scheduled to be increased to approx. 500 in FY05<br>・Raise the composition of Life Partners and Life Pros to 15-20% of the total premium income in FY05 | ◆(FY02) Had 260 LPs (206 at the end of FY01)<br>Deploy another 80 by the end of FY03<br>◆(July 2002) Established Tokyo Sub-branch at the former TML in charge of Life Pros agents<br>(FY03) Establish another two sub-branches |
| **Bancassurance**<br>◆Develop a bank channel as one of the major distribution channels in the life insurance business as deregulation proceeds | ◆Approx. 220 banks represent the former TML &/or NDL<br>◆(Jan. 2004) Launch a dual currency annuity product |
| **Advertising strategy**<br>◆Improve the brand recognition of the company<br>◆Provide support for cross-selling | ◆Commence from Dec. 2003 |

# Profitability of Our Life Insurance Business

## Increase of embedded value

(Unit: ¥ bn)

| | FY00 | FY01 | FY02 | FY03 |
|---|---|---|---|---|
| EV at year-end (①) | 116.4 | 139.4 | 139.2 | 163.1 |
| Increase of EV (②) | | 23 | ▲ 0.1 | 23.9 |
| Average balance of EV(③) | | 127.9 | 139.3 | 151.2 |
| ROE(②÷③) | | 18.0% | ▲0.1% | 15.8% |



# Asian Insurance Business 1

- A driver for profit growth on a consolidated basis ◄—— Ride on the waves of economic growth in Asian countries

- Steadily taking necessary steps in major markets such as China, India, Taiwan, Thailand and Malaysia

- Focus on life and retail non-life businesses

**FY02**(actual)

- NPW: ¥16.7bn
- Net income: ¥0.9bn
- ROE: 3.8%

Direct gross 100% basis premiums: ¥47bn

**FY03**(projection)

- NPW: ¥19.4bn
- Net income: ¥1bn
- ROE: 2.8%

Direct gross 100% basis premiums: ¥54.6bn

**FY05**

- NPW: ¥50bn
- ROE: approx. 8%

**Long-term**

Further increase premium income and raise ROE

# Asian Insurance Business 2

## (Road map)

| FY01 | FY02 | FY03 | FY04 | FY05 |
|---|---|---|---|---|

Improve capital efficiency by reallocation of capital to existing businesses

Alliance with PICC(China) and Samsung Fire(Korea) (completed)
Roll out

Full-scale operation of non-life business in India (completed)

Launch of life business in Thailand (completed)

Merger of non-life businesses in Malaysia (completed)

Launch of non-life business in Taiwan (completed)

Establish Millea Asia (completed)

Start life operation in China (completed) and roll out

In growing markets, such as Taiwan, Thailand, Malaysia and India, strengthen the retail non-life and life businesses

| | Non-life | Life |
|---|---|---|
| China | TMF Shanghai Branch allied with PICC and Samsung | Invest in Sino Life |
| India | Establish ITGI | ☆ |
| Taiwan | Invest in Newa Insurance | ☆ |
| Malaysia | Acquisition of Amana | ☆ |
| Thailand | ☆ | Invest in MLITH |

# Capital Strategy 1 (Basic Principle)

Quantitative, systematic and integrated risk management

Risk exposure — Compare — Capital

Excess capital of several hundred billion yen as of the end of Sep. 2003

<Share repurchase>

Obtained authorization at the AGM up to ¥100bn

→ Already repurchased ¥49.1bn as of Nov. 26, 2003

**Optimize the amount of capital and improve capital efficiency**

Repurchase shares using excess capital

↓

Optimize the amount of capital and improve capital efficiency

**Build an optimum business portfolio**

**Further improve capital efficiency of existing businesses**

More efficient use of capital through the reduction of less efficient assets

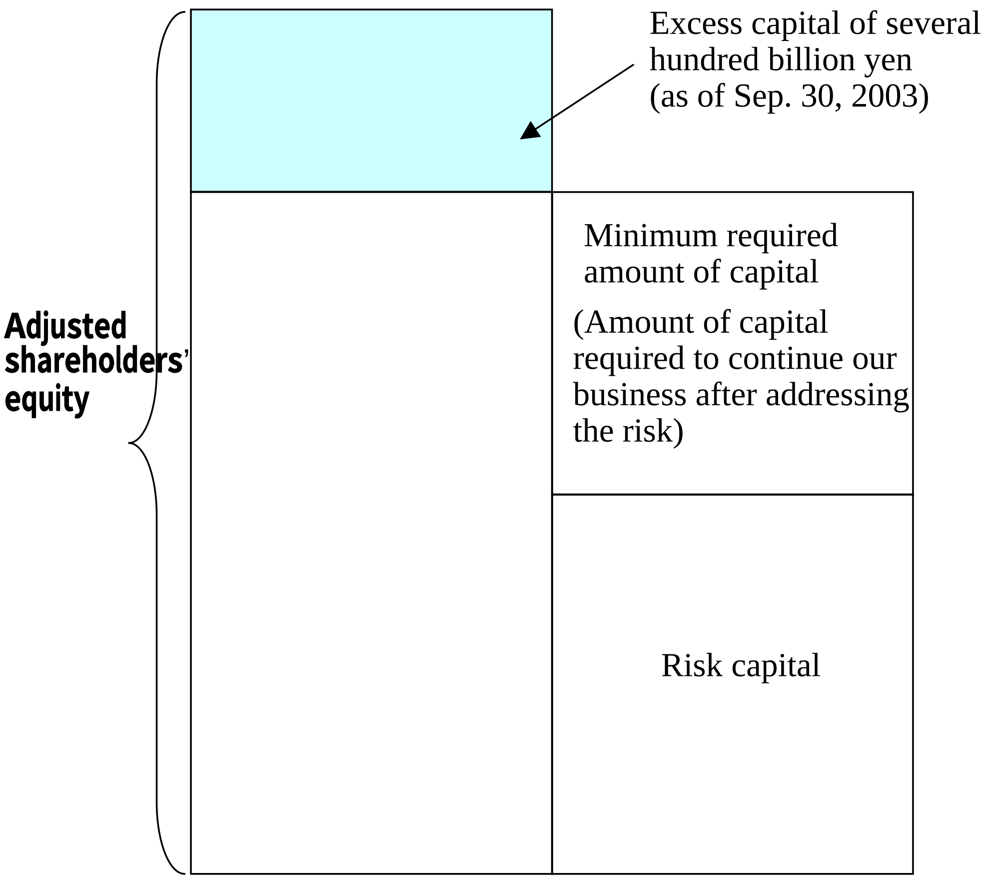
→ Reduce business-related equity holdings by approx. 10% by the end of FY05

**Aggressively invest in new businesses**

Prioritized allocation of capital to profitable new business areas

→ Invest in new businesses, such as life and overseas insurance businesses

# Capital Strategy 2 (Identify Excess Capital)




Points

① We continue to take a basic stance that the very core of the insurance business is financial strength

② We aim to strike the right balance between financial strength and capital efficiency through substantially raising capital efficiency

# Adjusted ROE

**Adjusted ROE ＝ Adjusted earnings ÷ Adjusted capital**

## 1 Earnings(after tax basis)

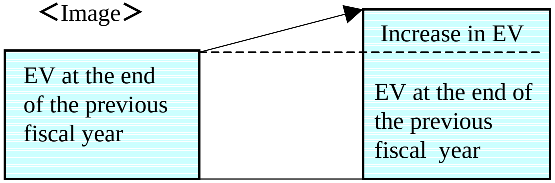
**(1) Non-life insurance business**

Adjusted earnings ＝ Net income ＋ Provision for extraordinary reserve ＋ Provision for reserve for price fluctuation － Gains (losses) from asset liability management *1 － Gains (losses) from stocks and properties － Other extraordinary items

**(2) Life insurance business**

Adjusted earnings ＝ Increase in EV *2

＜Image＞




**(3) Overseas insurance business, other businesses**
**… net income shown in financial statements**

## 2 Capital (average capital of the beginning and the end of fiscal year, after tax basis)

**(1) Non-life insurance business**

Adjusted capital ＝ Capital ＋ Extraordinary reserves, net of tax ＋ Reserve for price fluctuation, net of tax － Cumulative increase (decrease) in capital from asset liability management ∗6

**(2) Life insurance business**

Adjusted capital ＝ Embedded value

**(3) Overseas insurance businesses, other businesses**
**……capital shown in financial statements**

※1 Realized and unrealized gains (losses) arising form bond securities and interest rate swap transactions utilized in asset liability management

※2 EV- Embedded Value
Sum of value of in-force business and shareholder equity of life insurance company

# Appendix 1

## Relevant Information about Non-life Insurance Business

# Tokio Marine Results for the Interim Period of FY03

◆ Summary results for the 6 month ended Sep. 30, 2003

[Non-consolidated] (Unit：\ bn)

| | 1st half of FY02 | | 1st half of FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| Net premiums written | 713.5 | 7.8% | 742.3 | 28.8 | 4.0% |
| Underwriting profit | 8.0 | ▲18.9% | 40.9 | 32.8 | 406.2% |
| Loss ratio | 52.0% | | 52.2% | 0.2% | |
| Expense ratio | 33.5% | | 31.4% | ▲2.2% | |
| Combined ratio | 85.5% | | 83.6% | ▲1.9% | |
| Ordinary profit | 120.5 | 145.8% | 74.7 | ▲45.8 | ▲38.0% |
| Net income | 78.6 | 144.7% | 42.8 | ▲35.8 | ▲45.5% |
| Solvency margin ratio | 1132.4% | | 1057.4% | ▲75.0% | |

〇Excluding CALI effect:

Net premiums written: ¥681.6bn (▲0.8%)
Net loss ratio: 55.6% (+1.6%)
Net expense ratio: 34.2% (▲0.7%)
Combined ratio: 89.8%(+0.9%)
Underwriting balance ratio: 10.2% (▲0.9%)

# Interim Period of FY03 for Tokio Marine (Data by Insurance Type)

(Unit: ¥ million)

| | Fire | Marine | Injury | Automobile | CALI | | Others | Total of all types | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Excluding CALI effect | | | Excluding CALI effect |
| Net premiums written (excluding savings insurance premium) | 80,512 | 28,752 | 65,903 | 337,195 | 130,071 | 69,331 | 99,941 | 742,373 | 681,633 |
| Change (%) | 2.1 | 5.6 | ▲ 3.1 | ▲ 2.0 | 45.5 | 10.6 | ▲ 5.5 | 4.0 | ▲ 0.8 |
| | | | | | | | | | |
| Net loss | 26,329 | 19,506 | 25,514 | 184,720 | 47,786 | 39,312 | 52,577 | 356,433 | 347,959 |
| Loss ratio (%) | 34.1 | 71.0 | 41.5 | 59.6 | 43.0 | 68.4 | 55.5 | 52.2 | 55.6 |
| | | | | | | | | | |
| Net expense ratio (%) | 41.6 | 21.8 | 59.3 | 29.8 | 18.5 | 34.7 | 29.5 | 31.4 | 34.2 |
| | | | | | | | | | |
| Increase in policy reserves | ▲ 3,258 | 1,823 | 24,065 | 10,647 | 48,015 | ▲ 4,250 | 2,097 | 83,390 | 31,125 |
| (Ordinary policy reserves) | ▲ 1,109 | 341 | 8,100 | ▲ 3,799 | - | - | ▲ 4,991 | ▲ 1,459 | ▲ 1,459 |
| ( Earthquake and CALI reserves) | 1,584 | - | - | - | 48,015 | ▲ 4,250 | - | 49,599 | ▲ 2,666 |
| (Catastrophe reserves) | 5,085 | 1,481 | 2,234 | 16,223 | - | - | 7,231 | 32,254 | 32,254 |
| | | | | | | | | | |
| Increase in outstanding claims reserve | 2,715 | ▲ 5,303 | ▲ 955 | ▲ 1,209 | 6,793 | 6,793 | 1,088 | 3,128 | 3,128 |
| | | | | | | | | | |
| Underwriting balance ratio | 24.3 | 7.2 | ▲ 0.8 | 10.5 | 38.5 | ▲ 3.1 | 15.1 | 16.4 | 10.2 |
| Underwriting profit | 11,037 | 5,206 | ▲ 9,923 | 24,119 | - | - | 10,524 | 40,963 | 40,963 |
| | | | | | | | | | |
| Catastrophe reserves | 194,417 | 96,739 | 84,733 | 154,395 | - | - | 147,739 | 678,023 | 678,023 |

# Nichido Fire Results for the Interim Period of FY03

◆ Summary results for the 6 month ended Sep. 30, 2003

[Non-consolidated] (unit: \ bn)

| | 1st half of FY02 | | 1st half of FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| Net premiums written | 190.7 | 1.4% | 200.3 | 9.6 | 5.0% |
| Underwriting profit | 8.0 | 214.8% | 9.3 | 1.2 | 15.4% |
| Loss ratio | 55.0% | | 54.1% | ▲0.8% | |
| Expense ratio | 36.6% | | 35.1% | ▲1.5% | |
| Combined ratio | 91.6% | | 89.3% | ▲2.3% | |
| Ordinary profit | 16.8 | 169.6% | 21.3 | 4.5 | 26.8% |
| Net income | 10.1 | 66.8% | 13.4 | 3.2 | 32.4% |
| Solvency margin ratio | 1031.1% | | 1014.1% | ▲17.0% | |

〇Excluding CALI effect:

Net premiums written: ¥182.6bn (▲0.2%)
Loss ratio: 58.0% (+0.7%)
Expense ratio: 38.6% (+0.3%)
Combined ratio: 96.6%(+1.0%)
Underwriting balance ratio: 3.4% (▲1.0%)

# Interim Period of FY03 for Nichido Fire (Data by Insurance Type)

(Unit: ¥ million)

| | Fire | Marine | Injury | Automobile | CALI | | Others | Total of all types | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Excluding CALI effect | | | Excluding CALI effect |
| Net premiums written (excluding savings insurance premium) | 33,516 | 919 | 17,027 | 100,303 | 38,560 | 20,796 | 10,050 | 200,375 | 182,610 |
| Change (%) | ▲ 1.5 | 2.2 | 11.0 | ▲ 2.9 | 42.6 | 8.6 | ▲ 1.3 | 5.0 | ▲ 0.2 |
| | | | | | | | | | |
| Net loss | 12,450 | 678 | 7,216 | 59,306 | 14,787 | 12,275 | 5,724 | 100,161 | 97,649 |
| Loss ratio (%) | 38.3 | 74.4 | 47.8 | 64.2 | 42.7 | 67.1 | 59.3 | 54.1 | 58.0 |
| | | | | | | | | | |
| Net expense ratio (%) | 51.0 | 31.0 | 47.2 | 34.7 | 17.1 | 31.6 | 35.3 | 35.1 | 38.6 |
| | | | | | | | | | |
| Increase in policy reserves | ▲ 4,558 | 8 | ▲ 11,324 | 353 | 13,165 | ▲ 2,087 | ▲ 587 | ▲ 2,943 | ▲ 18,195 |
| (Ordinary policy reserves) | ▲ 893 | 7 | 685 | ▲ 1,018 | - | - | ▲ 709 | ▲ 1,929 | ▲ 1,929 |
| ( Earthquake and CALI reserves) | 1,209 | - | - | - | 13,165 | ▲ 2,087 | - | 14,374 | ▲ 879 |
| (Catastrophe reserves) | 972 | 1 | ▲ 5 | 1,383 | - | - | 128 | 2,480 | 2,480 |
| | | | | | | | | | |
| Increase in outstanding claims reserve | ▲ 1,538 | 249 | ▲ 242 | ▲ 2,686 | 1,831 | 1,831 | ▲ 611 | ▲ 2,997 | ▲ 2,997 |
| | | | | | | | | | |
| Underwriting balance ratio | 10.7 | ▲ 5.4 | 5.0 | 1.1 | 40.2 | 1.3 | 5.4 | 10.7 | 3.4 |
| Underwriting profit | 4,032 | ▲ 309 | 547 | 3,400 | - | - | 1,645 | 9,315 | 9,315 |
| | | | | | | | | | |
| Catastrophe reserves | 99,869 | 4,206 | 19,053 | 47,796 | - | - | 24,823 | 195,747 | 195,747 |

# Forecasts for Tokio Marine

◆Summary of forecasts for FY03

[Non-consolidated] (Unit: \ bn)

| | FY02 | Change | FY03 | Y to Y change | Change |
|---|---|---|---|---|---|
| Net premiums written | 1,469.6 | 8.9% | 1,510.0 | 40.3 | 2.7% |
| Underwriting profit | 35.0 | 20.4% | 51.0 | 15.9 | 45.5% |
| Loss ratio | 52.3% | | 54.8% | 2.5% | |
| Expense ratio | 32.0% | | 31.0% | ▲0.9% | |
| Combined ratio | 84.3% | | 85.8% | 1.6% | |
| Ordinary profit | 158.1 | 125.2% | 102.0 | +56.1 | ▲35.5% |
| Net income | 97.2 | 148.3% | 53.0 | +44.2 | ▲45.5% |

○Excluding CALI effect:
- Net premiums written: ¥1,390bn (+0.5%)
- Loss ratio:57.4% (+1.9%)
- Expense ratio:33.7% (▲0.3%)
- Combined ratio: 91.1% (+1.7%)
- Underwriting balance ratio: 8.9% (▲1.7%)

# Forecasts for Tokio Marine (Data by Insurance Type)

(Unit: ¥ million)

| | Fire | Marine | Injury | Automobile | CALI | | Others | Total of all types | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Excluding CALI effect | | | Excluding CALI effect |
| Net premiums written (excluding savings insurance premium) | 175,779 | 59,240 | 122,694 | 685,100 | 258,399 | 138,399 | 208,789 | 1,510,000 | 1,390,000 |
| Change (%) | 2.1 | 3.8 | 0.2 | ▲ 0.4 | 19.7 | 6.5 | ▲ 2.5 | 2.7 | 0.5 |
| | | | | | | | | | |
| Net loss | 63,356 | 38,548 | 50,859 | 386,705 | 109,491 | 79,580 | 119,757 | 768,717 | 738,806 |
| Loss ratio (%) | 37.4 | 68.2 | 45.5 | 60.8 | 47.6 | 67.2 | 60.2 | 54.8 | 57.4 |
| | | | | | | | | | |
| Net expense ratio (%) | 39.9 | 22.4 | 61.6 | 30.7 | 16.0 | 29.9 | 27.8 | 31.0 | 33.7 |
| | | | | | | | | | |
| Increase in policy reserves | 6,091 | 3,307 | 16,466 | 13,306 | 85,135 | ▲ 4,954 | 9,542 | 133,846 | 43,757 |
| (Ordinary policy reserves) | 21,348 | 253 | 1,755 | 1,274 | - | - | ▲ 3,366 | 21,264 | 21,264 |
| ( Earthquake and CALI reserves) | 3,112 | - | - | - | 85,135 | ▲ 4,954 | - | 88,247 | ▲ 1,842 |
| (Catastrophe reserves) | 11,875 | 3,054 | 3,903 | 15,154 | - | - | 13,989 | 47,975 | 47,975 |
| | | | | | | | | | |
| Increase in outstanding claims reserve | 1,023 | ▲ 6,871 | ▲ 173 | 2,810 | 15,548 | 15,548 | ▲ 319 | 12,019 | 12,019 |
| | | | | | | | | | |
| Underwriting balance ratio | 22.7 | 9.4 | ▲ 7.1 | 8.5 | 36.4 | 2.9 | 12.0 | 14.2 | 8.9 |
| Underwriting profit | 3,029 | 9,062 | ▲ 14,284 | 38,836 | - | - | 14,357 | 51,000 | 51,000 |
| | | | | | | | | | |
| Catastrophe reserves | 201,207 | 98,311 | 86,402 | 153,327 | - | - | 154,497 | 693,745 | 693,745 |

# Forecasts for Nichido Fire

◆Summary of forecasts for FY03

[Non-consolidated] (Unit: \ bn)

| | FY02 | | FY03 | | |
|---|---|---|---|---|---|
| | | Change | | Y to Y change | Change |
| Net premiums written | 396.3 | 6.8% | 409.0 | 12.6 | 3.2% |
| Underwriting profit | 12.2 | ▲7.6% | 6.2 | ▲6.0 | ▲49.1% |
| Loss ratio | 54.2% | | 56.6% | 2.4% | |
| Expense ratio | 35.1% | | 34.7% | ▲0.4% | |
| Combined ratio | 89.3% | | 91.3% | 2.0% | |
| Ordinary profit | 22.1 | 155.3% | 24.0 | +1.8 | 8.5% |
| Net income | 11.8 | 44.9% | 12.0 | +0.1 | 1.1% |

〇Excluding CALI effect:

Net premiums written: ¥373.7bn (+0.7%)
Loss ratio: 59.8% (+2.0%)
Expense ratio: 38.0% (+0.5%)
Combined ratio: 97.8% (+2.5%)
Underwriting balance ratio: 2.2% (▲2.5%)

# Forecasts for Nichido Fire (Data by Insurance Type)

(Unit: ¥ million)

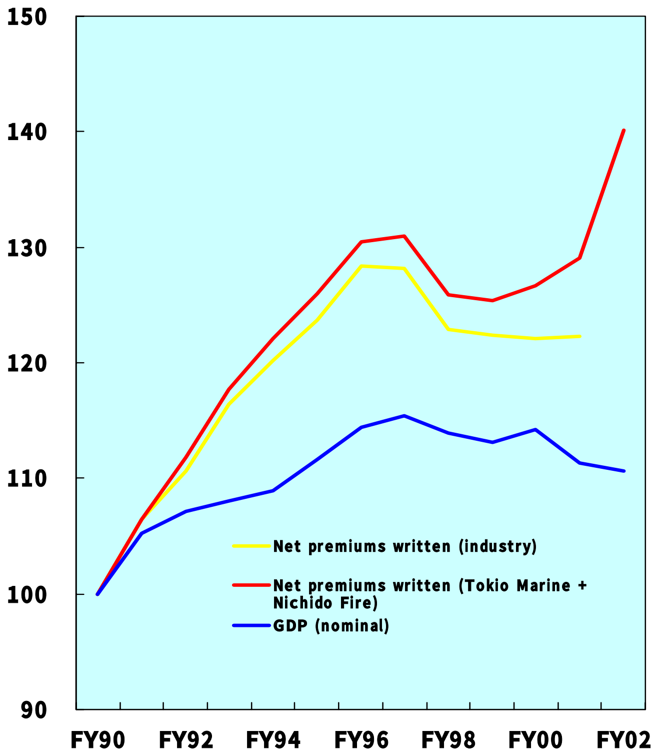
| | Fire | Marine | Injury | Automobile | CALI | | Others | Total of all types | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Excluding CALI effect | | | Excluding CALI effect |
| Net premiums written (excluding savings insurance premium) | 73,343 | 2,134 | 32,341 | 204,033 | 76,474 | 41,174 | 20,675 | 409,000 | 373,700 |
| Change (%) | 1.1 | 10.6 | 5.0 | ▲ 0.7 | 17.8 | 3.9 | ▲ 0.3 | 3.2 | 0.7 |
| | | | | | | | | | |
| Net loss | 27,559 | 1,328 | 15,993 | 122,560 | 32,267 | 24,304 | 14,140 | 213,846 | 205,883 |
| Loss ratio (%) | 38.6 | 62.8 | 55.6 | 65.3 | 46.8 | 67.6 | 70.9 | 56.6 | 59.8 |
| | | | | | | | | | |
| Net expense ratio (%) | 51.2 | 26.9 | 47.4 | 33.9 | 16.5 | 30.6 | 33.1 | 34.7 | 38.0 |
| | | | | | | | | | |
| Increase in policy reserves | ▲ 9,215 | 143 | ▲ 33,028 | ▲ 903 | 28,493 | 1,156 | ▲ 945 | ▲ 15,455 | ▲ 42,792 |
| (Ordinary policy reserves) | 1,502 | 95 | 1,641 | ▲ 759 | - | - | ▲ 382 | 2,097 | 2,097 |
| ( Earthquake and CALI reserves) | 2,290 | - | - | - | 28,493 | 1,156 | - | 30,783 | 3,446 |
| (Catastrophe reserves) | 2,133 | 48 | ▲ 2,199 | ▲ 178 | - | - | 236 | 41 | 41 |
| | | | | | | | | | |
| Increase in outstanding claims reserve | ▲ 300 | - | - | ▲ 2,500 | - | - | - | ▲ 2,800 | ▲ 2,800 |
| | | | | | | | | | |
| Underwriting balance ratio | 10.2 | 10.3 | ▲ 3.0 | 0.8 | 36.7 | 1.7 | ▲ 4.0 | 8.7 | 2.2 |
| Underwriting profit | 2,307 | 82 | ▲ 414 | 5,064 | - | - | ▲ 791 | 6,248 | 6,248 |
| | | | | | | | | | |
| Catastrophe reserves | 101,030 | 4,253 | 16,859 | 46,235 | - | - | 24,931 | 193,309 | 193,309 |

**Appendix 2**

# Relevant Information in Respective Business Areas

# Domestic Non-life Insurance Market

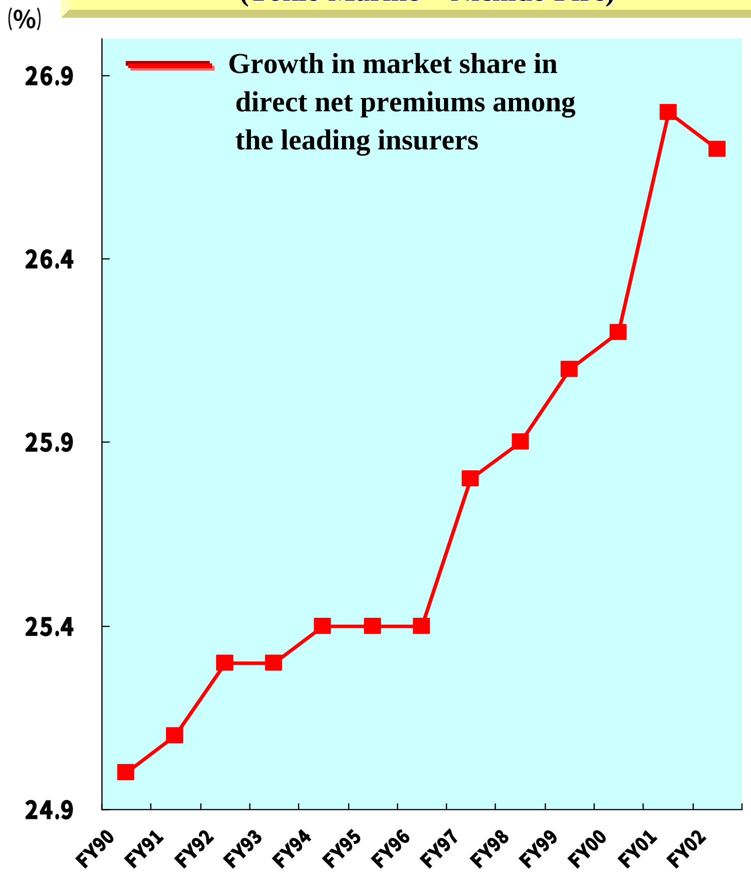
## GDP and non-life insurance market in Japan (Rebase: 1990=100)



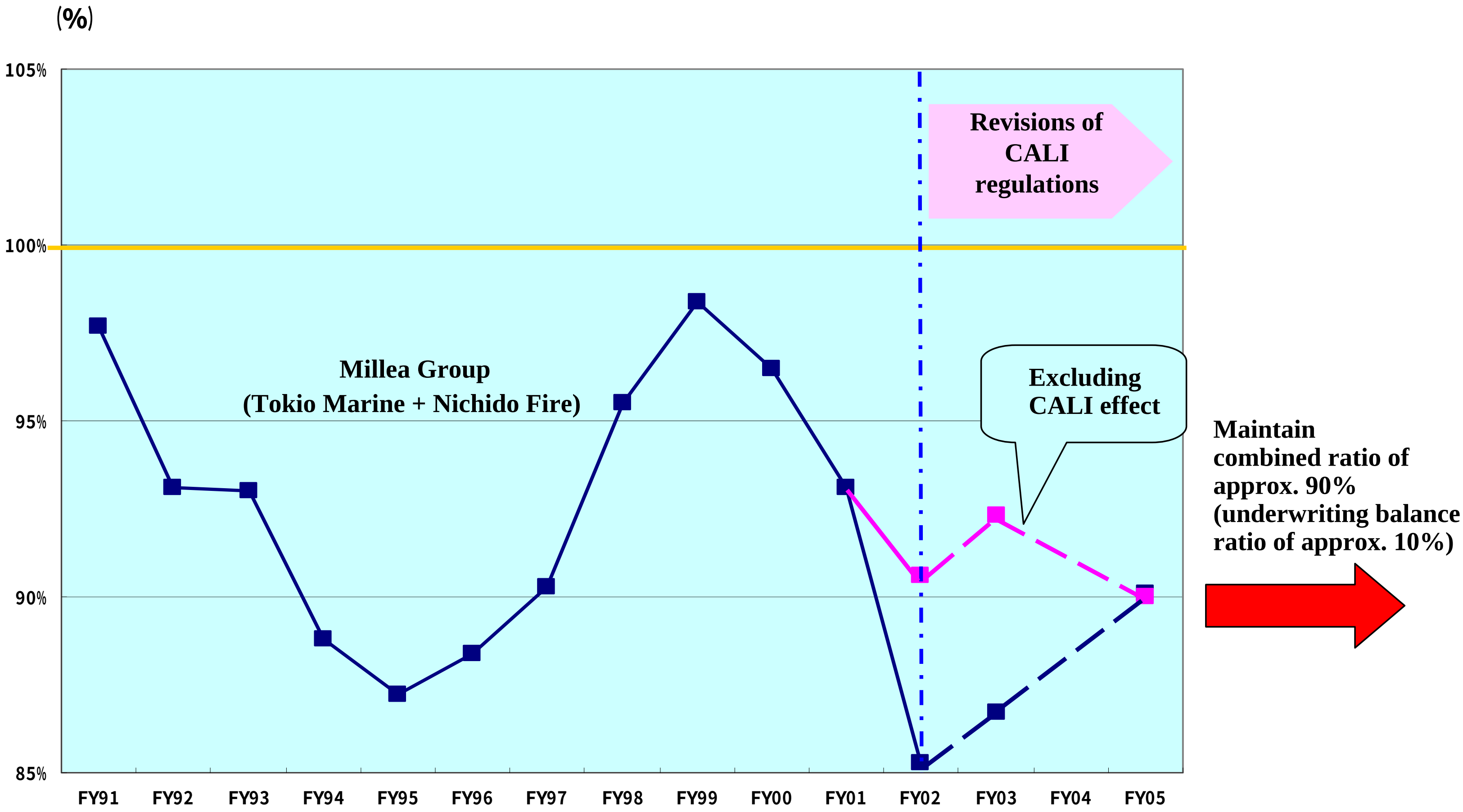

Note: Data for the leading insurers

## Growth in Millea Group's market share

(Tokio Marine + Nichido Fire)

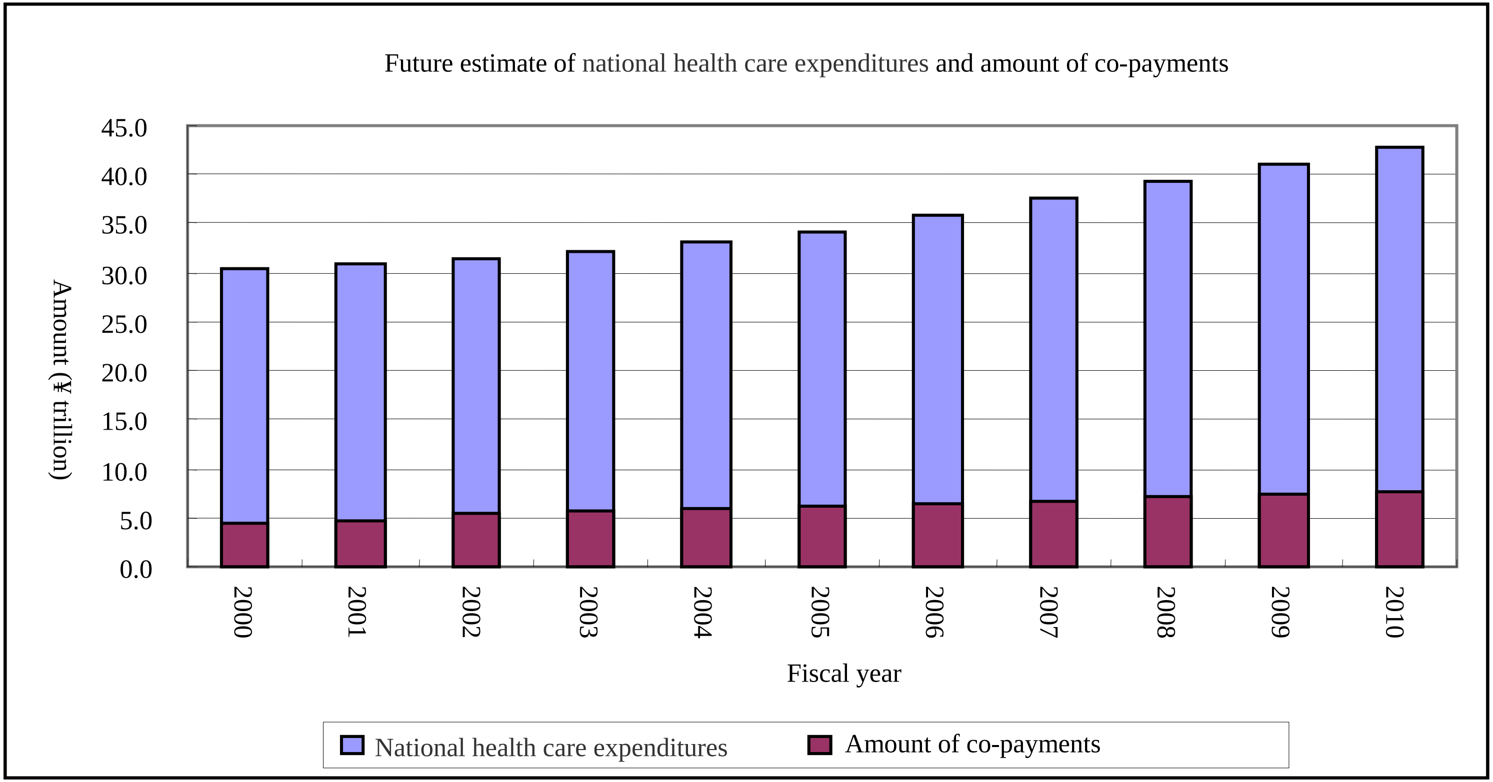


# Combined Ratio



# Estimated Amount of Co-payments in the Future

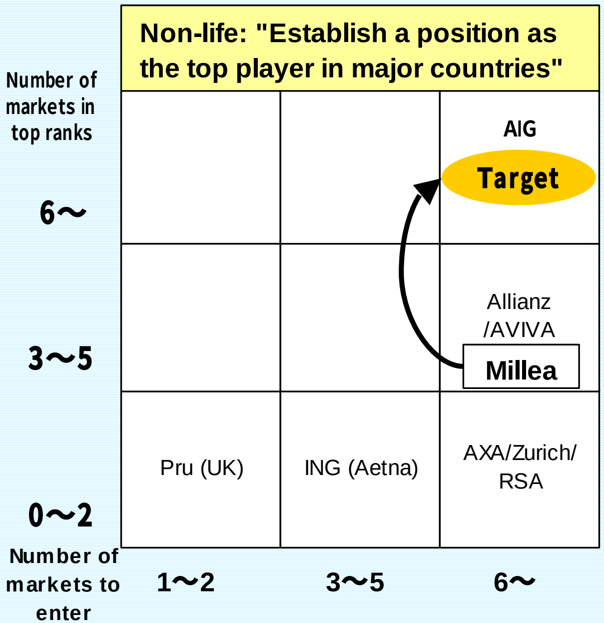
- **By FY2010, the amount of co-payments will reach 1.68 times the amount marked in FY2000 (average annual growth rate: 5.4%)**
- **The amount of co-payments as of FY2010 will be ¥7.7 trillion  yen**




**Source: Millea HD**

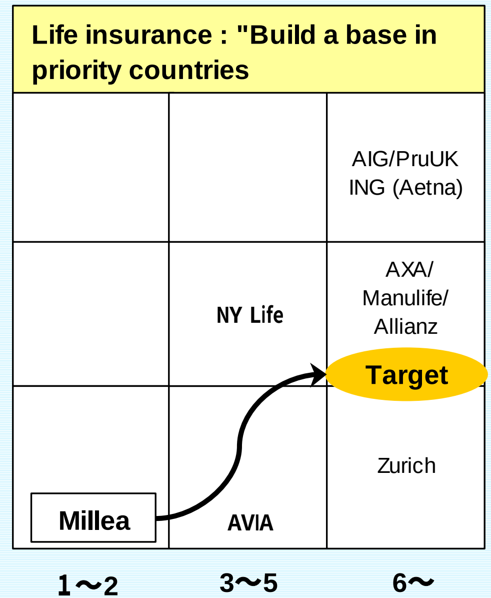
Overseas Insurance (1)

# Target Position in the Asian Insurance Business in 10 Years




Markets to aim to be in top ranks : Malaysia and China

Markets where Millea has been already in top ranks : Indonesia, India, Vietnam and Taiwan




Markets to aim to be in top ranks : Thailand, China, Taiwan and India

# Overseas Reinsurance Business

## Reinsurance facilities (Tokio Millennium Re)

**Tokio Millennium Re Ltd. (Bermuda)**

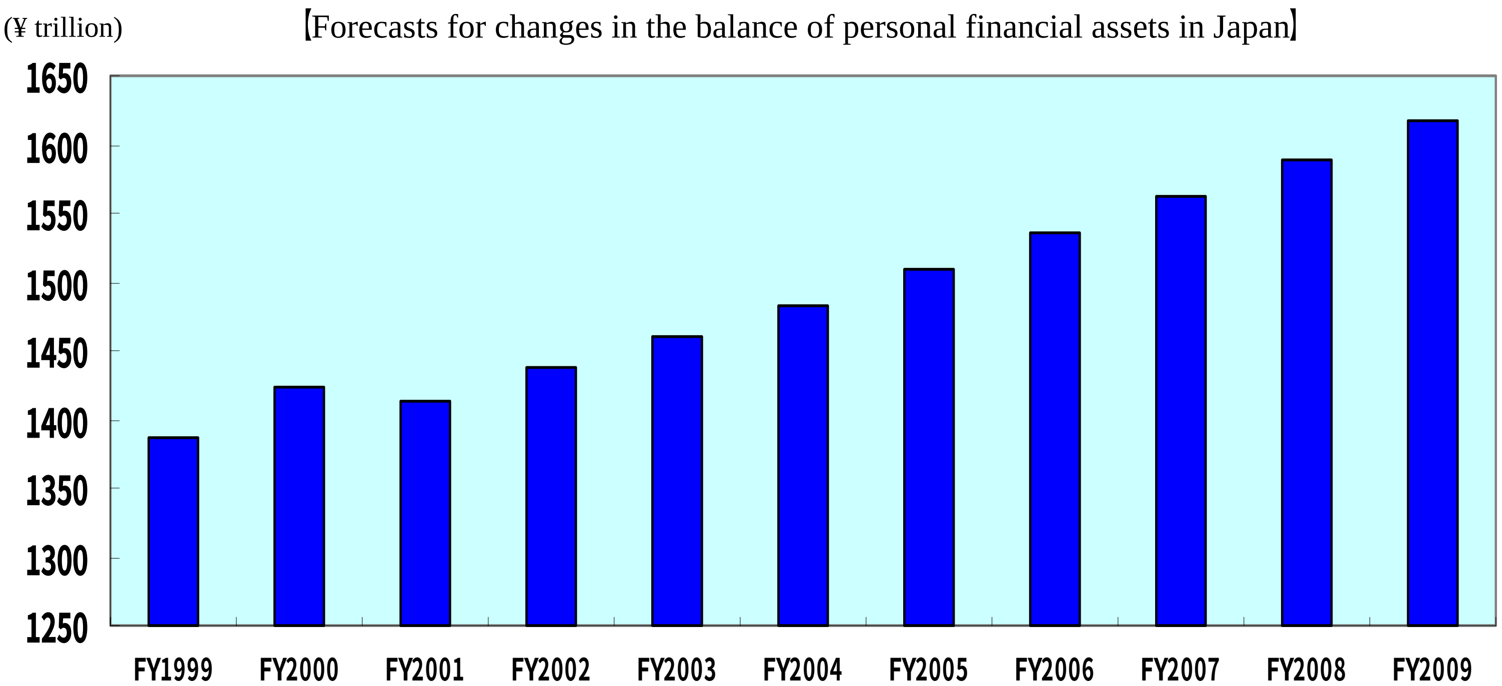
- **Amount of capital injected: US$500 million - wholly owned by Tokio Marine**
- **Outline of business: 1. Underwrite natural disaster risks overseas**
  **2. Underwrite various kinds of risks using ART (Alternative Risk Transfer)**
- **Business plan: For the next 10 years through FY2012, cumulative underwriting profit of US$250 million and total profit of US$500 million along with investment income**

**(\ bn)**

| | FY02 (actual) | FY05 (projection) |
|---|---|---|
| NPW | 4.1 | 7.1 |
| Net income | 1.7 | 6.1 |
| ROE | 3.3% | 8.7% |

# Personal Financial Assets

- Personal financial assets grow at 1.6%〜1.7% per annum
- Concentration on the elderly will increase




Source: Millea HD

# Health Care and Senior Citizens / Risk Consulting Businesses

## Business related to health care and senior citizens

**Develop businesses related to health care and senior citizens, which have strong synergies with the insurance business**

- Develop a health care business using Tokio Marine Medical Service, which has a long track of record in guidance concerning the management of clinics and medical data checking
- Develop a senior citizens business where Millea Better Life Service, with excellent results in such areas as training of care managers, plays the core role

## Risk consulting business

**Develop a risk consulting business, such as risk management and loss prevention**

- Develop a business that employs Tokio Marine Risk Consulting, which has built excellent data regarding the analysis of domestic and overseas natural disasters, etc. and the damages that resulted

# Develop Staffing Service Business

<Integrate four companies>

- Tokio Marine Career Service
- Flora Staff
- Nichido Fire Career Service
- Tokai Business Service

<July 2003>

**Tokio Marine & Nichido Career Service**

- Strong brand recognition in the insurance industry
- Extend the business as a major player
- Improve operational efficiency

**Projected sales of \24.9bn in FY03**

**Aim at \28.9bn in FY05**

**Appendix 3**

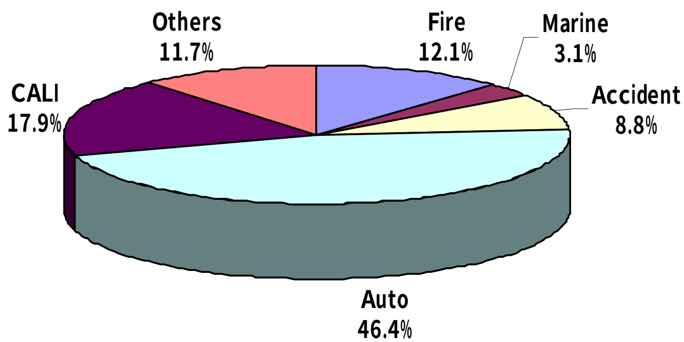
# Relevant Data about Non-life Insurance Business

# Composition of Premiums by Line

**Net premiums written as of Sep. 30, 2003**

| | Fire | Marine | Accident | Auto | CALI | Others | Total |
|---|---|---|---|---|---|---|---|
| Tokio Marine | 10.8% | 3.9% | 8.9% | 45.4% | 17.5% | 13.5% | 100.0% |
| Nichido Fire | 16.7% | 0.5% | 8.5% | 50.1% | 19.2% | 5.0% | 100.0% |
| Total | 12.1% | 3.1% | 8.8% | 46.4% | 17.9% | 11.7% | 100.0% |

64.3%

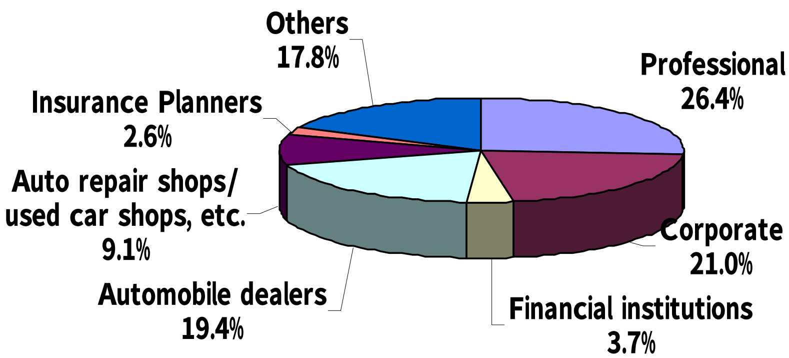


# Composition of Premiums by Distribution Channel

**Managerial accounting basis (as of Sep. 30, 2003)**

| | Tokio Marine | Nichido Fire | Total |
|---|---|---|---|
| Professional | 26.8% | 24.9% | 26.4% |
| Corporate | 24.5% | 8.4% | 21.0% |
| Financial institutions | 3.8% | 3.5% | 3.7% |
| Automobile dealers | 19.3% | 19.6% | 19.4% |
| Auto repair shops/used car shops, etc. | 7.8% | 14.0% | 9.1% |
| Insurance Planners | 0.6% | 9.8% | 2.6% |
| Others | 17.2% | 19.8% | 17.8% |

As for Tokio Marine, auto manufacturers are included in auto dealers



# Natural Disasters and Theft of Automobiles

(Unit: \ bn)

【Natural disasters】

| | 1st half of FY02 | | | 1st half of FY03 | | |
|---|---|---|---|---|---|---|
| | Tokio Marine | Nichido Fire | Total | Tokio Marine | Nichido Fire | Total |
| Claims paid | 1.8 | 0.9 | 2.7 | 8.6 | 1.2 | 9.9 |
| Outstanding losses | 1.2 | 0.3 | 1.5 | 3.5 | 0.6 | 4.1 |
| Incurred losses | 3.1 | 1.2 | 4.3 | 12.2 | 1.8 | 14.1 |

【Theft of automobiles】

| | 1st half of FY02 | | | 1st half of FY03 | | |
|---|---|---|---|---|---|---|
| | Tokio Marine | Nichido Fire | Total | Tokio Marine | Nichido Fire | Total |
| Claims paid | 5.6 | 1.5 | 7.2 | 6.0 | 1.8 | 7.9 |
| Outstanding losses | 2.0 | 0.7 | 2.7 | 2.0 | 0.6 | 2.6 |
| Incurred losses | 5.9 | 1.7 | 7.6 | 6.2 | 1.8 | 8 |
| No. of incidents | 8,917 | 934 | 9,851 | 10,068 | 2,373 | 12,441 |

No. of incidents = theft of automobiles + theft of auto parts

As for Nichido's 1st half of FY02, only automobile theft cases are included

# Operating Expenses, Number of Employees and Number of Agents

(Unit: \ bn)

| | 1st half of FY02 | | | 1st half of FY03 | | |
|---|---|---|---|---|---|---|
| | Tokio Marine | Nichido Fire | Total | Tokio Marine | Nichido Fire | Total |
| Commissions and collection costs | 120.1 | 34.3 | 154.4 | 118.7 | 32.0 | 150.8 |
| Personnel expenses | 60.5 | 18.4 | 78.9 | 61.0 | 19.0 | 80 |
| Non-personell expenses | 52.3 | 14.8 | 67.1 | 46.7 | 17.1 | 63.9 |
| Taxes | 6.2 | 2.2 | 8.5 | 6.3 | 2.0 | 8.4 |
| Total expenses | 239.3 | 69.9 | 309.1 | 232.9 | 70.4 | 303.3 |
| Number of employees | 12,301 | 6,460 | 18,761 | 11,377 | 6,591 | 17,968 |
| Number of agents | 55,683 | 25,843 | 77,146 | 52,153 | 23,372 | 71,617 |

# Risk-monitored Loans

(Unit: \ bn)

【Risk-monitored loans】

| | As of Mar. 31, 2003 | | | As of Sep. 30, 2003 | | |
|---|---|---|---|---|---|---|
| | Tokio Marine | Nichido | Total | Tokio Marine | Nichido | Total |
| To those in bankruptcy | 7.2 | 7.1 | 14.3 | 6.9 | 6.4 | 13.4 |
| Beyond due | 39.7 | 3.8 | 43.6 | 39.3 | 4.1 | 43.4 |
| 3 months + beyond due | 0.4 | - | 0.4 | 0.1 | - | 0.1 |
| Restructured loans | 7.1 | 0.3 | 7.5 | 7.5 | 0.3 | 7.9 |
| Total | 54.6 | 11.3 | 65.9 | 54 | 10.9 | 64.9 |
| Risk-managed % | 8.4% | 8.0% | 8.3% | 8.6% | 8.2% | 8.5% |

【Asset self-assessment results】

| | As of Mar. 31, 2003 | | | As of Sep. 30, 2003 | | |
|---|---|---|---|---|---|---|
| | Tokio Marine | Nichido | Total | Tokio Marine | Nichido | Total |
| Type I | 6745.3 | 1,710.4 | 8,455.7 | 6,880.3 | 1718.6 | 8598.9 |
| Type II | 90.0 | 37.8 | 127.8 | 83.0 | 54.1 | 137.1 |
| Type III | 18.0 | 2.9 | 20.9 | 14.7 | 2.8 | 17.5 |
| Type IV | 14.2 | 7.8 | 22.0 | 16.9 | 8.1 | 25.0 |
| (Type II～IVTotal) | 122.3 | 48.5 | 170.9 | 114.8 | 65.2 | 180.0 |
| Total | 6,867.7 | 1,759.0 | 8,626.7 | 6,995.1 | 1783.8 | 8778.9 |

# Equity Holdings by Industry

【Tokio Marine】

| | As of March 31, 2003 | | | As of September 30, 2003 | | |
|---|---|---|---|---|---|---|
| | No. of shares | Shareholding balance | | No. of shares | Shareholding balance | |
| | (1,000 shares) | Amount (\million) | composition ratio (%) | (1,000 shares) | Amount (\million) | composition ratio (%) |
| Transportation equipment | 292,560 | 419,684 | 23.7 | 292,401 | 511,760 | 24.2 |
| Finance/insurance | 878,209 | 312,566 | 17.6 | 887,148 | 324,443 | 15.3 |
| Commercial | 332,784 | 144,431 | 8.1 | 304,713 | 187,759 | 8.9 |
| Electric apparatus | 165,828 | 135,844 | 7.7 | 162,571 | 180,475 | 8.5 |
| Chemical | 302,800 | 227,625 | 12.8 | 252,400 | 168,458 | 8.0 |
| Land transportation | 168,642 | 71,437 | 4.0 | 168,991 | 85,524 | 4.0 |
| Shipping | 142,895 | 40,290 | 2.3 | 142,895 | 49,088 | 2.3 |
| Machinery | 130,762 | 41,608 | 2.3 | 130,419 | 52,119 | 2.5 |
| Foods | 83,358 | 41,384 | 2.3 | 83,185 | 44,069 | 2.1 |
| Steel | 149,424 | 32,170 | 1.8 | 149,411 | 50,436 | 2.4 |
| Others | 574,910 | 305,139 | 17.2 | 653,862 | 459,728 | 21.7 |
| Total | 3,222,178 | 1,772,185 | 100.0 | 3,227,996 | 2,113,859 | 100.0 |

【Nichido Fire】

| | As of March 31, 2003 | | | As of September 30, 2003 | | |
|---|---|---|---|---|---|---|
| | No. of shares | Shareholding balance | | No. of shares | Shareholding balance | |
| | (1,000 shares) | Amount (\million) | composition ratio (%) | (1,000 shares) | Amount (\million) | composition ratio (%) |
| Transportation equipment | 123,486 | 152,814 | 31.13 | 122,571 | 193,805 | 33.57 |
| Finance/insurance | 216,022 | 98,794 | 20.12 | 215,806 | 104,379 | 18.08 |
| Commercial | 53,601 | 22,644 | 4.61 | 52,334 | 29,266 | 5.07 |
| Electric apparatus | 44,253 | 74,045 | 15.08 | 42,143 | 75,699 | 13.11 |
| Chemical | 58,389 | 38,153 | 7.77 | 58,449 | 44,704 | 7.74 |
| Land transportation | 66,142 | 19,928 | 4.06 | 66,171 | 23,910 | 4.14 |
| Shipping | 5,851 | 1,039 | 0.21 | 5,851 | 1,105 | 0.19 |
| Machinery | 25,754 | 8,341 | 1.70 | 25,752 | 11,443 | 1.98 |
| Foods | 13,339 | 3,843 | 0.78 | 13,339 | 4,344 | 0.75 |
| Steel | 7,338 | 4,327 | 0.88 | 7,338 | 7,069 | 1.22 |
| Others | 123,693 | 71,344 | 14.53 | 123,651 | 88,652 | 15.36 |
| Total | 730,531 | 490,943 | 100.00 | 726,068 | 577,307 | 100.00 |

【Total】

| | As of March 31, 2003 | | | As of September 30, 2003 | | |
|---|---|---|---|---|---|---|
| | No. of shares | Shareholding balance | | No. of shares | Shareholding balance | |
| | (1,000 shares) | Amount (\million) | composition ratio (%) | (1,000 shares) | Amount (\million) | composition ratio (%) |
| Transportation equipment | 416,046 | 572,498 | 25.30 | 414,972 | 705,565 | 26.22 |
| Finance/insurance | 1,094,231 | 411,360 | 18.18 | 1,102,954 | 428,822 | 15.93 |
| Commercial | 386,385 | 167,075 | 7.38 | 357,047 | 217,025 | 8.06 |
| Electric apparatus | 210,081 | 209,889 | 9.27 | 204,714 | 256,174 | 9.52 |
| Chemical | 361,189 | 265,778 | 11.74 | 310,849 | 213,162 | 7.92 |
| Land transportation | 234,784 | 91,365 | 4.04 | 235,162 | 109,434 | 4.07 |
| Shipping | 148,746 | 41,329 | 1.83 | 148,746 | 50,193 | 1.87 |
| Machinery | 156,516 | 49,949 | 2.21 | 156,171 | 63,562 | 2.36 |
| Foods | 96,697 | 45,227 | 2.00 | 96,524 | 48,413 | 1.80 |
| Steel | 156,762 | 36,497 | 1.61 | 156,749 | 57,505 | 2.14 |
| Others | 698,603 | 376,483 | 16.64 | 777,513 | 548,380 | 20.38 |
| Total | 3,952,709 | 2,263,128 | 100.00 | 3,954,064 | 2,691,166 | 100.00 |

# Outstanding Balance of Long-term Assets

(Unit: \ bn)

| | As of Mar. 2003 | As of Sep. 2003 | |
|---|---|---|---|
| | | | Change |
| Tokio Marine | 1,879.6 | 1,882.6 | ▲0.2% |
| Nichido Fire | 512.8 | 494.9 | ▲3.5% |
| Total | 2,392.4 | 2,377.5 | ▲0.6% |

# Relevant Information on Asset Management ① (JGBs and Banks)

## JGBs

| | |
|---|---|
| End of Sepr. 2003 | 1,680.1 |
| End of Mar. 2003 | 1,766.9 |
| Increase/decrease | ▲86.8 |

○Much of JGBs responds to liabilities for deposit-type products

○ALM is applied to liabilities for deposit-type products to match changes in assets with those in liabilities

## Exposure to banks

### Credit provided to domestic banks (as of end of Sep. 2003)

| | On B/S | % of total assets |
|---|---|---|
| Credit provided to domestic banks | 464.2 | 5.3% |
| Stocks | 416.9 | 4.7% |
| Bonds, loans, etc. | 57.2 | 0.7% |
| Total assets (Tokio+Nichido) | 8,773.3 | 100.0% |

○Credit to domestic banks represents only 5.3% of total assets

○Much of credit is accounted for by equity holdings

### By asset class (end of Mar. 2003)

| | On B/S | % |
|---|---|---|
| Stocks of domestic banks | 416.9 | 15.5% |
| Total of stocks | 2,691.2 | 100.0% |

| | On B/S | % |
|---|---|---|
| Bonds,loans, etc. to domestic banks | 57.2 | 3.9% |
| Assets with credit risk (*) | 1,451.5 | 100.0% |

(*) Domestic corporate bonds, foreign corporate bonds, loans, etc.)

○Equity holdings of domestic banks represent 15.5% of total eq

○Credit risk assets to domestic banks represent only 3.9%

# Relevant Information on Asset Management ② (Credit Derivatives)

(Unit: ¥ bn.)

| | Tokio Marine | | Nichido Fire | | Total of Millea | |
|---|---|---|---|---|---|---|
| Sell | 2,118.9 | | 2.0 | | 2,120.9 | |
| Buy | 408.6 | | 0.0 | | 408.6 | |
| Total | 2,527.4 | | 2.0 | | 2,529.4 | |
| A A or above | 1,804.6 | 95.8% | 0.5 | 25.0% | 1,805.1 | 95.8% |
| A | 35.4 | 1.9% | 1.5 | 75.0% | 36.9 | 2.0% |
| B B B | 30.5 | 1.6% | 0.0 | | 30.5 | 1.6% |
| B B or below | 11.7 | 0.6% | 0.0 | | 11.7 | 0.6% |
| Super senior | 1,619.5 | 86.0% | 0.0 | | 1,619.5 | 86.0% |
| JGB | 93.5 | 5.0% | 0.0 | | 93.5 | 5.0% |
| Corporate, etc. | 169.2 | 9.0% | 2.0 | 100 | 171.2 | 9.0% |
| Net | -9.8 | | 0.0 | | -9.8 | |

**<Tokio Marine>**

- In FY99, started as new business developing financial guarantee
- Limited to investment grades. Closely examine corporate performance
- A wide variety of businesses ranging from corporate to portfolio
- Valuation losses due to rise in risk premiums in the U.S. and Europe
- In FY03, focus on the AAA portion of diversified portfolios

**<Nichido Fire>**

- Started from FY02
- In principle, A or above within ¥1 bn per risk

# Business and Capital Tie-ups with Nisshin Fire

**(Mar. 2003) Tokio Marine reached business and capital tie-ups with Nisshin Fire**

## Outline

### Business tie-up

- Provide support to Nisshin which specializes in the retail business through small and medium-sized agents
- Build a business tie-up in a wide variety of areas, such as products and services, back offices and IT systems, sales of non-life and life products and training

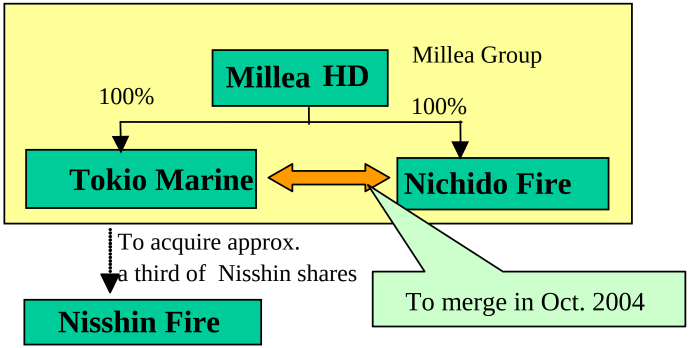
### Capital tie-up

Tokio Marine to acquire approx. a third of Nisshin's outstanding shares by the end of Mar. 2005. Tokio Marine has become the largest shareholder by the end of Mar. 2003

### Objectives of tie-ups

1) Acquire business know-how from Nisshin's retail-oriented business model
2) Strengthen sales of our life products through Nisshin's agents
3) Realize more efficient operation through joint initiatives
4) Returns on investment

## Organization of Millea Group




Profile of Nisshin Fire (as of end of Mar. 2003)

| | |
|---|---|
| Year founded | June 1908 |
| Capital | \15.6 bn |
| NPW | \149.0 bn |
| Total assets | \482.3 bn |
| No. of employees | 2,521 |
| No. of domestic sales offices | 162 |
| No. of agents | 15,403 |
| Market cap. | \42.7 bn |

## Disclaimer

**This material includes forward-looking statements relating to the future business performance of Millea Holdings, Inc. and its group companies.**

**Future performance is not guaranteed and is subject to a number of risks and uncertainties including changes to the business environment.**

For further information

**Mitsuru Muraki, Group Leader Tel: 81 3 6212 - 3408**

**3415**

**Investor Relations Group, Corporate Planning Dept.**

**Millea Holdings, Inc.**