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Annual Report 2000

For the Year Ended March 31, 2000



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PROFILE

The Nichido Fire and Marine Insurance Co., Ltd. was founded in Osaka in 1914. With a core focus on the householders' insurance field and its regionally oriented system, the Company began actively enlisting clients through its direct sales employee marketing channels. Nichido Fire and Marine's simplified fire insurance plan, which stipulated a refund at maturity should no accidents occur, gained strong popularity with consumers and contributed greatly to the spread of fire insurance to householders.

While running operations independent of any business affiliation or alliance, the Company steadily expanded its network of agencies to work in unison with its system of direct sales employees. Today, Nichido Fire and Marine is among the leading non-life insurance companies in its number of policyholders, operating a broad range of businesses that extends from householders' to corporate non-life insurance.

In line with revisions to the Insurance Business Law and deregulation in the Japanese insurance industry, the Company took its first step toward creating a comprehensive insurance company with establishment in 1996 of The Nichido Life Insurance Co., Ltd., a wholly owned subsidiary. Nichido Fire and Marine continues to improve its system to respond to client needs from every angle.

Amid Japan's recent financial Big Bang, serious deregulation in the insurance industry is forcing many industry players to improve their financial structures. Nichido Fire and Marine, however, maintains leading credit ratings from all of the major ratings agencies.

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FINANCIAL HIGHLIGHTS

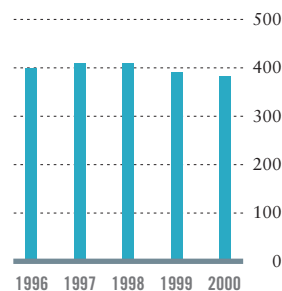
Years ended March 31

(Yen in millions and U.S. dollars in thousands (Note))

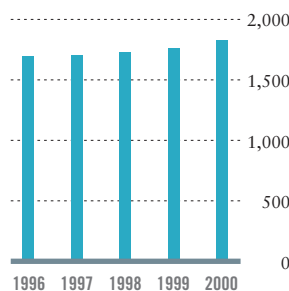
	2000	1999	1998	1997	1996	2000
Net Premiums Written	¥ 382,814	¥ 392,081	¥ 408,770	¥ 408,757	¥ 399,533	\$ 3,483,294
Ordinary Profit	20,976	24,184	20,336	21,256	24,804	190,864
Net Income	9,680	9,314	9,825	9,512	7,806	88,080
Total Shareholders' Equity	220,990	193,011	187,135	180,760	174,320	2,010,828
Total Assets	1,828,527	1,760,092	1,732,917	1,707,004	1,699,036	16,638,098
Shareholders' Equity per Share	¥ 496.11	¥ 429.44	¥ 416.37	¥ 402.18	¥ 407.25	\$ 4.5
Net Income per Share—primary	21.61	20.72	21.86	21.30	18.24	0.20
Net Income per Share—diluted	20.59	19.73	20.77	20.25	17.39	0.19
Return on Equity	4.68%	4.90%	5.34%	5.36%	—	
Loss Ratio	59.13%	56.34%	52.64%	51.91%	51.62%	
Expense Ratio	38.73%	39.34%	39.19%	39.37%	38.00%	

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥109.9=US\$1.00, the approximate rate prevailing on March 31, 2000.

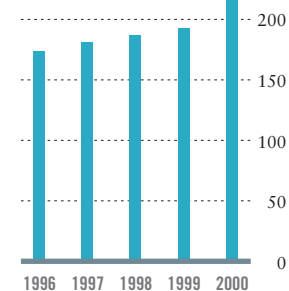
NET PREMIUMS WRITTEN
(Billions of Yen)



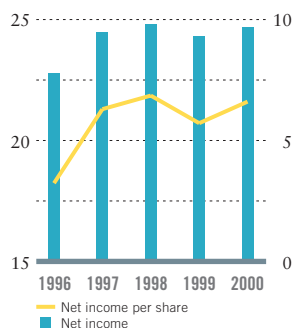
TOTAL ASSETS
(Billions of Yen)



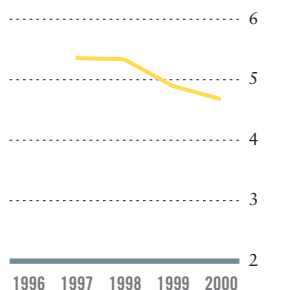
TOTAL SHAREHOLDERS' EQUITY
(Billions of Yen)



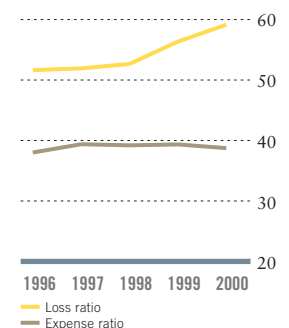
NET INCOME/NET INCOME PER SHARE
(Yen) (Billions of Yen)



RETURN ON EQUITY
(%)



LOSS RATIO/EXPENSE RATIO
(%)



MESSAGE FROM THE PRESIDENT



Takashi Aihara, *President*

GENERAL REVIEW

The Japanese economy showed signs of a slight recovery in the fiscal year ended March 31, 2000, as Japanese government fiscal and financial policies successfully halted the recession. However, the economic climate provided no material for a recovery in consumer spending as conditions remained severe in the income and consumption environments. As a result, a full-scale private-sector recovery failed to emerge.

Conditions in the non-life insurance industry remained extremely severe in the fiscal year under review. Reflecting these economic conditions, premiums written remained sluggish. Loss ratios rose due to the impacts of Typhoon No. 18, the largest typhoon since Typhoon No. 19 in 1991. And, interest and dividend income declined as a result of prolonged low interest rates. In addition, industry deregulation created intense competition in product development and premium rates, and the industry began full-scale consolidation led by mergers and alliances.

BUSINESS PERFORMANCE

Amid this difficult environment, The Nichido Fire and Marine Insurance Co., Ltd. entered the final year of *New Age Challenge (NAC) 2001*, a medium-term management plan that aims to create a vital company able to thrive in the new competitive age. Led by this plan, we made a series of aggressive efforts to expand our business activities to confront this environment.

First, we worked to develop products and services that could meet the increasingly diverse needs of our customers. We released *Kurashi Oendan*, a new product that provides comprehensive coverage for accidents occurring in daily life—the industry’s first non-life insurance product with such broad coverage. We also added *Super Car Assist Service* to our mainstay automobile insurance product *Nichido Almighty Automobile Policy (NAAP)*, in response to customer demand for coverage of accidents occurring while automobiles are parked at home. To respond to the individual needs of our agencies, we developed the industry’s first Free Design Service for Insurance Certificates. This service allows agencies to print their own original designs on insurance certificates, such as information about their branch or service networks. A patent application has already been submitted for this service’s business model.

Next, the Company worked to raise the convenience of its marketing system. By merging, consolidating and closing down existing marketing bases, we made substantial progress in creating larger, more efficient marketing branches. At the same time, with the establishment of the Nichido Call Center, we started a toll-free service handling customer requests for advice, insurance pamphlets and other materials. The Nichido Call Center also handles automobile insurance proposals.

Third, we aggressively expanded our information technology (IT) strategy. This involved construction of an internal information network system *Nichido CS-Net*, and an extranet system for our agencies, *Agency CS-Net*. It also involved working to fully share information and circulate information faster, using IT to boost administrative efficiency.

Additional efforts centered on boosting management efficiency and strengthening our corporate base. We revised our administrative system for more efficient processing of

administrative tasks and more advanced execution powers. We also reinforced our asset management capabilities to ensure a stable stream of revenue.

An important issue in the fiscal year under review was the Y2K problem. With a contingency plan in place, Nichido Fire and Marine was extremely well prepared in this respect and suffered no damages from computer malfunctions.

The impact of these efforts on our business performance was as follows: Underwriting income totaled ¥543.6 billion (US\$4,947 million), investment income was ¥42.7 billion (US\$388 million) and other ordinary income was ¥0.3 billion (US\$3 million). As a result, ordinary income decreased ¥34.3 billion to ¥586.6 billion (US\$5,336 million).

Underwriting expenses totaled ¥458.9 billion (US\$4,176 million), investment expenses came to ¥20.2 billion (US\$184 million) and operating, general and administrative expenses were ¥84.5 billion (US\$769 million). Other ordinary expenses totaled ¥2.0 billion (US\$18 million). As a result, ordinary expenses declined ¥31.0 billion to ¥565.6 billion (US\$5,147 million).

Ordinary profit declined ¥3.2 billion to ¥21.0 billion (US\$191 million).

After adjustments for extraordinary profit and loss and income taxes, net income rose ¥0.4 billion to ¥9.7 billion (US\$88 million).

In our non-life insurance operations, net premiums written totaled ¥382.8 billion (US\$3,483 million), a decrease of 2.4% from the previous fiscal year. Net claims paid totaled ¥210.4 billion (US\$1,914 million) and the overall loss ratio increased 2.8 percentage points to 59.1%. On the cost side, sales and general administrative expenses in our non-life insurance business totaled ¥77.9 billion (US\$709 million) and the expense ratio edged down 0.6 percentage point to 38.7%. After adjustments for investment income on deposit premiums, reversal of outstanding claims, reversal of underwriting reserves and other factors, underwriting profit decreased ¥13.0 billion to ¥3.6 billion (US\$33 million).

Dividends remained equal to the previous year at ¥7.50 (US\$0.07) per share.

Furthermore, to secure funds for capital investment and other purposes, the Company issued ¥25.0 billion (US\$227 million) in unsecured bonds in the Japanese market.

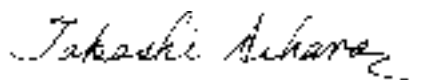
THE YEAR AHEAD

We expect to see the Japanese economy begin to enter a full-scale sustainable economic recovery in the current term, on the force of an IT-led recovery in private-sector capital investment and a switch-off from public to private sector demand. However, we believe improvements to the employment and income environments and the resulting rebound in consumer spending will take longer to develop. As such, we are fairly certain that economic recovery in the current term will be limited in its scope.

In the non-life insurance industry, full deregulation of premium rates became a reality on June 30, 2000, with completion of the interim period for companies to phase in the new methods for calculating premiums. Deregulation of insurance marketing channels is scheduled to go into effect in April 2001, including deregulation of agency sales commissions and lifting of prohibitions on over-the-counter insurance product sales at banks. This means a new level of competition in all areas of our business, from products and services to pricing and marketing methods.

To formulate rapid responses to the essential issues created by these dramatic changes to our operating environment, we launched the new *Fiscal 2001 Management Plan* in the current fiscal year. According to the plan, we will work to develop more products and services that meet our customers' needs, strengthen our marketing capabilities to respond better to the age of deregulation and boost our capabilities in damage claim research services. We will also push ahead with our IT strategy. At the same time, we will work to raise profitability by improving our combined ratio, or the overall loss ratio and the expense ratio, reforming our administrative processes and strengthening our asset management capabilities. Nichido Fire and Marine is making a Companywide, all-out effort to construct a sound management base with the flexibility to respond to changes in its operating environment.

Management and employees are committed to working toward the future development of the Company. We thank our customers and shareholders and ask for their continued guidance and support.


Takashi Aihara
President

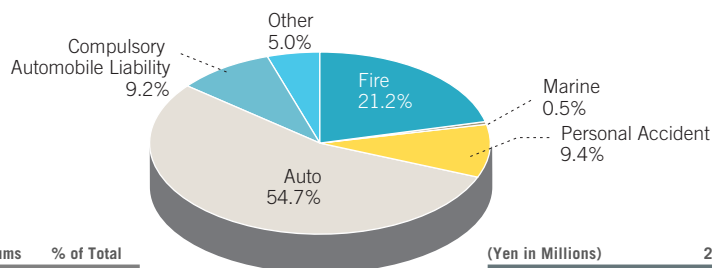
REVIEW OF OPERATIONS

RESULTS BY NON-LIFE INSURANCE LINES

SUMMARY

(YEARS ENDED MARCH 31, 2000 AND 1999)

BREAKDOWN OF NET PREMIUMS WRITTEN



(Yen in Millions/%)	Net Premiums	% of Total
FIRE	¥ 81,226	21.2
MARINE	1,985	0.5
PERSONAL ACCIDENT	35,893	9.4
AUTO	209,319	54.7
COMPULSORY AUTOMOBILE LIABILITY	35,103	9.2
OTHER	19,286	5.0
TOTAL	¥382,814	100.0

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥382,814	¥392,081	(2.4)
Net Loss Paid	210,366	204,818	2.7
Loss Ratio	59.1%	56.3%	

FIRE INSURANCE

Net premiums written in fire insurance decreased 2.6% to ¥81.2 billion (US\$739 million) due to a substantial increase in reinsurance expenditures to cover damage from wind and floods. The loss ratio increased 6.3 percentage points to 45.9% as premiums paid rose in line with typhoon-related damage.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥81,226	¥83,435	(2.6)
Net Loss Paid	36,165	32,208	12.3
Loss Ratio	45.9%	39.6%	

MARINE INSURANCE

Net premiums written in marine insurance decreased 13.7% to ¥2.0 billion (US\$18 million) and the loss ratio rose 0.7 percentage point to 60.6%.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥1,985	¥2,301	(13.7)
Net Loss Paid	1,182	1,360	(13.1)
Loss Ratio	60.6%	59.9%	

PERSONAL ACCIDENT INSURANCE

Revenue from ordinary personal accident insurance with maturity refund declined on the impacts of low interest rates. Net premiums written decreased 3.5% to ¥35.9 billion (US\$327 million), and the loss ratio increased 1.8% to 45.8%.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥35,893	¥37,197	(3.5)
Net Loss Paid	14,599	14,709	(0.7)
Loss Ratio	45.8%	44.0%	

VOLUNTARY AUTOMOBILE INSURANCE

Although the Company worked to expand sales of its core product NAAP, net premiums written decreased 2.3% to ¥209.3 billion (US\$1,905 million) mainly due to the low level of new car sales in Japan. The loss ratio increased 1.8 percentage points to 64.0%.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥209,319	¥214,204	(2.3)
Net Loss Paid	124,625	123,278	1.1
Loss Ratio	64.0%	62.2%	

COMPULSORY AUTOMOBILE LIABILITY INSURANCE

Net premiums written in this category rose 1.9% to ¥35.1 billion (US\$319 million) and the loss ratio decreased 0.3 percentage point to 72.0%.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥35,103	¥34,448	1.9
Net Loss Paid	22,043	21,616	2.0
Loss Ratio	72.0%	72.3%	

OTHER INSURANCE

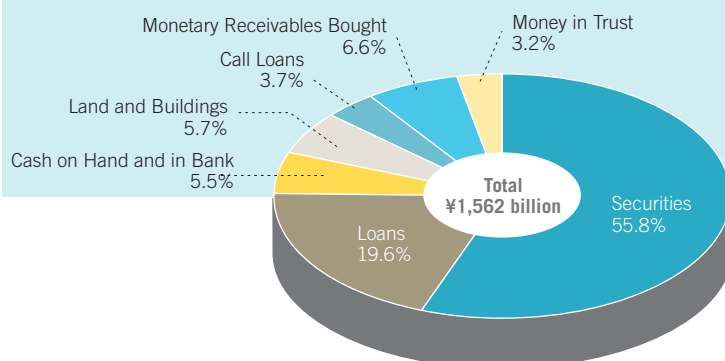
Other insurance includes such areas as third-party liability insurance, movables comprehensive insurance and workers' compensation insurance. Net premiums written in this category declined 5.9% to ¥19.3 billion (US\$175 million) and the loss ratio increased 4.5 percentage points to 63.3%.

(Yen in Millions)	2000	1999	(%) Increase/ (Decrease)
Net Premiums Written	¥19,286	¥20,493	(5.9)
Net Loss Paid	11,748	11,645	0.9
Loss Ratio	63.3%	58.8%	

INVESTMENT ACTIVITIES (NON-LIFE INSURANCE BUSINESS)

The Company made efforts to strengthen risk management while diversifying its asset management activities and raising the efficiency and profitability of its efforts. Interest and dividend income totaled ¥37.8 billion (US\$344 million) in the fiscal year ended March 31, 2000, and investment assets totaled ¥1,562 billion (US\$14,213 million) as of the fiscal year-end.

BREAKDOWN OF INVESTMENT ASSETS



INVESTMENT ASSETS & INTEREST AND DIVIDENDS

(Yen in Millions)	2000
Investment Assets	¥1,562,363
Interest and Dividends	37,814

CURRENT TOPICS

DEVELOPMENT AND PATENT APPLICATION FOR FREE DESIGN SERVICE OF INSURANCE CERTIFICATES

Nichido Fire and Marine developed the new Free Design Service for Insurance Certificates—the first such service in the non-life insurance industry—and submitted a patent application for its business model. This proprietary service allows insurance agencies to print original designs on the insurance certificate, including branch or service network information, depending on their individual needs.

KURASHI OENDAN GOES ON SALE



In October 1999, Nichido Fire and Marine released *Kurashi Oendan*, a new insurance product providing coverage for a variety of risks encountered in daily life. This product offers reasonably priced insurance rates as well as special discounts for long-term contracts. With such features as a cash-back payment plan where policyholders receive refunds for

four of their monthly payments each year, *Kurashi Oendan* is a groundbreaking comprehensive insurance product that responds to the demands of customers.

Kurashi Oendan also provides an array of exceptional services for policyholders, including the *Nichido Super Tsui TEL Service*. With this service, policyholders receive referrals to the appropriate professionals in the event of trouble with their house keys, flooding or other problems. Since its release last fall, *Kurashi Oendan* has won high marks for meeting customer needs.

PROVIDING A MORE COMPLETE LINEUP OF POLICYHOLDER SERVICES

Nichido Fire and Marine has worked to build a complete lineup of policyholder services for the deregulation age. We currently provide a level of service that is among the best in the industry.

Nichido Tsui TEL Service

The Company integrated services for each insurance category in October 1999. We began providing our full variety of services to each policyholder (excluding compulsory automobile liability insurance) including *Life Support Service* for tax and legal consulting, and *Health and Nursing Care Service* for a variety of health-related consultations.

Super Car Assist Service

Starting in October 1999 the Company began providing a new range of special services for those holders of its comprehensive automobile insurance *Nichido Almighty Automobile Policy (NAAP)* with car body insurance. These include *Emergency On-The-Spot Tow Service* and *Emergency Breakdown Repair Service* for accidents or breakdowns that occur while driving, and *Odekake Emergency Repair Service*, the first service in the industry for problems occurring while the automobile is parked at home.



BACKING AMATEUR SPORTS



Nichido Fire and Marine Sponsors All Japan Track and Field Championships and All Japan Junior Track and Field Championships

Nichido Fire and Marine was a leading sponsor of the 83rd All Japan Track and Field Championships held in October 1999 in Shizuoka Prefecture. The

Company also sponsored the Junior Olympic Cup (JOC) 15th All Japan Junior Track and Field Competition in Mie Prefecture.

Nichido Cup Boys' Baseball Tournament

Nichido Fire and Marine helped sponsor the 21st Nichido Cup Boys' Baseball Tournament held in July 1999. Over 70,000 boys in Hokkaido and the Tokyo metropolitan area (Tokyo, Chiba, Saitama, Kanagawa and Gunma Prefectures) participated in the opening rounds, and the top 40 teams qualified to vie for the Nichido Cup in the final round at Seibu Dome in Saitama Prefecture.



SUPPORTER OF THE ARTS AND CULTURAL ACTIVITIES



Sponsor of Italian Renaissance Art Exhibition

Nichido Fire and Marine joined in sponsoring the NHK-organized exhibition, *Italian Renaissance Paintings and Sculpture from the State Hermitage Museum*, held from March to June 1999 at the National Museum of Western Art in Tokyo. The exhibition featured 71

paintings and sculptures from the Italian Renaissance focusing on select works from the permanent collection of the State Hermitage Museum, one of the world's largest collections of art.

Nichido Curio Cultural Information Space

Nichido Curio is located in Ginza, an apt location for its role as a space for disseminating information on culture and the arts. Nichido Curio has received favorable reviews from the many visitors that come to enjoy lectures and exhibitions highlighting cultural figures from various facets of society, as well as photography exhibitions on such topics and nature and sports.



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FINANCIAL SECTION

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CONSOLIDATED BALANCE SHEETS

The Nichido Fire and Marine Insurance Co., Ltd. and Consolidated Subsidiaries

March 31, 2000 and 1999	Yen in millions		U.S. dollars in thousands
	2000	1999	2000
ASSETS			
Cash on Hand and in Banks	¥ 89,186	¥ 112,968	\$ 811,520
Call Loans	57,615	68,306	524,249
Monetary Receivables Bought	102,613	32,914	933,694
Money in Trust	49,588	26,381	451,210
Securities	909,023	827,770	8,271,365
Loans	307,177	452,989	2,795,059
Property and Equipment	96,608	90,590	879,054
Other Assets	116,003	127,162	1,055,532
Deferred Income Taxes	102,001	—	928,126
Foreign Currency Translation Adjustments	2,521	2,235	22,939
Customers' Liabilities for Acceptances and Guarantees	11,177	18,772	101,702
Reserve for Bad Debts	(14,988)	—	(136,379)
Total Assets	¥ 1,828,527	¥ 1,760,092	\$16,638,098

	Yen in millions		U.S. dollars in thousands
	2000	1999	2000
LIABILITIES			
Underwriting Funds	¥ 1,435,183	¥ 1,378,085	\$13,058,990
Reserve for Outstanding Claims	119,914	121,485	1,091,119
Underwriting Reserves	1,315,269	1,256,599	11,967,871
Other Liabilities	121,459	100,826	1,105,177
Reserve for Bad Debts	—	33,062	—
Reserve for Retirement Allowances	28,165	25,233	256,278
Reserve for Bonuses	4,101	4,446	37,316
Reserve for Price Fluctuation	7,450	6,654	67,789
Acceptances and Guarantees	11,177	18,772	101,702
Total Liabilities	1,607,536	1,567,080	14,627,261
Minority Interests	0	0	0
SHAREHOLDERS' EQUITY			
Common Stock , par value ¥50 per share	50,550	50,550	459,964
Authorized—716,000,000 shares			
Issued—445,443,869 shares in 2000			
449,443,869 shares in 1999			
Capital Reserve	34,187	34,187	311,074
Retained Earnings	136,253	108,273	1,239,791
Treasury Stock	(0)	(1)	(0)
Total Shareholders' Equity	220,990	193,011	2,010,828
Total Liabilities and Shareholders' Equity	¥ 1,828,527	¥ 1,760,092	\$16,638,098

CONSOLIDATED INCOME STATEMENTS

The Nichido Fire and Marine Insurance Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999	Yen in millions		U.S. dollars in thousands
	2000	1999	2000
ORDINARY INCOME AND EXPENSES			
Ordinary Income	¥586,582	¥620,832	\$5,337,416
Underwriting Income	543,647	556,209	4,946,742
Net Premiums Written	382,814	392,081	3,483,294
Deposit Premiums by Policyholders	94,761	109,052	862,247
Investment Income on Deposit Premiums	21,209	23,371	192,985
Life Insurance Premiums Written	23,985	21,553	218,244
Reversal of Outstanding Claims	1,571	404	14,295
Reversal of Underwriting Reserves	18,888	9,743	171,865
Other Underwriting Income	416	1	3,785
Investment Income	42,656	64,120	388,135
Interest and Dividends	39,492	45,450	359,345
Profit on Sales of Securities	21,350	37,020	194,268
Profit on Redemption of Securities	2,879	3,110	26,197
Other Investment Income	143	1,909	1,301
Transfer of Investment Income on Deposit Premiums	(21,209)	(23,371)	(192,985)
Other Ordinary Income	278	503	2,530
Ordinary Expenses	565,606	596,648	5,146,551
Underwriting Expenses	458,907	454,756	4,175,678
Net Claims Paid	210,366	204,818	1,914,158
Loss Adjustment Expenses	15,991	16,096	145,505
Agency Commissions and Brokerage	73,036	74,351	664,568
Maturity Refunds to Policyholders	156,078	157,988	1,420,182
Dividends to Policyholders	1,294	645	11,774
Life Insurance Claims Paid	1,551	637	14,113
Other Underwriting Expenses	589	219	5,359
Investment Expenses	20,214	27,524	183,931
Loss on Disposal of Securities	7,205	13,068	68,560
Loss on Revaluation of Securities	7,357	13,032	66,943
Loss on Redemption of Securities	1,131	682	10,291
Other Investment Expenses	4,520	740	41,128
Operating, General and Administrative Expenses	84,460	88,056	768,517
Other Ordinary Expenses	2,023	26,310	18,408
Interest Paid	359	257	3,267
Provision for Bad Debts	—	22,850	—
Loss from Bad Debts	16	2	146
Amortization of Deferred Assets	192	192	1,747
Other Expenses	1,455	3,007	13,239
Ordinary Profit	¥ 20,976	¥ 24,184	\$ 190,864

	Yen in millions		U.S. dollars in thousands
	2000	1999	2000
EXTRAORDINARY PROFIT AND LOSS			
Extraordinary Profit	¥ 9,661	¥ 20	\$ 87,907
Profit on Sales of Other Properties and Equipment	9	20	82
Reversal of Reserve for Price Fluctuation	9,651	—	87,816
Extraordinary Loss	16,500	1,395	150,136
Loss on Disposal of Other Properties and Equipment	571	605	5,196
Provision for Reserve for Price Fluctuation	795	789	7,234
Loss on Revaluation of Real Estate	4,760	—	43,312
One-Time Transfer of Reserve for Retirement Allowances	4,094	—	37,252
Other Extraordinary Expenses	6,278	—	57,125
Income before Income Taxes	14,136	22,808	128,626
Income Taxes—current	4,517	13,493	41,101
—deferred	(60)	—	(546)
Minority Interest	0	0	0
Net Income	¥ 9,680	¥ 9,314	\$ 88,080

CONSOLIDATED APPROPRIATIONS OF RETAINED EARNINGS

The Nichido Fire and Marine Insurance Co., Ltd. and Consolidated Subsidiaries

Years ended March 31, 2000 and 1999	Yen in millions		U.S. dollars in thousands
	2000	1999	2000
Unappropriated Retained Earnings at Beginning of Fiscal Year	¥132,469	¥102,400	\$1,205,359
Unappropriated Retained Earnings at End of Previous Fiscal Year	108,273	—	985,196
Special Reserve	—	90,030	—
Legal Earned Reserve	—	12,370	—
Revision to Underwriting Reserve due to Adoption of Tax-Effect Accounting	77,745	—	707,416
Adjustments for Prior-Period Tax Effects	101,940	—	927,571
Decreases in Retained Earnings	5,896	3,440	53,649
Dividends to Shareholders	3,370	3,370	30,664
Directors' Bonuses	65	70	591
Retirement of Treasury Stock	2,461	—	22,393
Net Income	9,680	9,314	88,080
Unappropriated Retained Earnings Carried Forward	¥136,253	¥108,273	\$1,239,791

CONSOLIDATED STATEMENT OF CASH FLOWS

The Nichido Fire and Marine Insurance Co., Ltd. and Consolidated Subsidiaries

Year ended March 31, 2000	Yen in millions	U.S. dollars in thousands
	2000	2000
Cash Flows from Operating Activities		
Income before income taxes	¥ 14,136	\$ 128,626
Depreciation and amortization	5,137	46,742
Increase in reserve for outstanding claims	(1,571)	(14,295)
Increase in underwriting reserves	(19,075)	(173,567)
Increase in reserve for bad debts	(18,073)	(164,449)
Increase in reserve for retirement allowances	2,931	26,670
Increase in reserve for bonuses	(345)	(3,139)
Increase in reserve for price fluctuation	795	7,234
Interest and dividend income (accrual basis)	(39,492)	(359,345)
Gain (loss) related to marketable securities	(6,594)	(60,000)
Interest paid	359	3,267
Gain (loss) on currency exchange	1,745	15,878
Gain (loss) related to real estate	5,322	48,426
Increase in other assets (excluding from investing activities and financing activities)	(2,631)	(23,940)
Increase in other liabilities (excluding from investing activities and financing activities)	(1,595)	(14,513)
Gain (loss) related to loans	8,360	76,069
Other	4,215	38,353
Subtotal	(46,374)	(421,965)
Interest and dividends received (cash basis)	40,063	364,540
Interest paid	(317)	(2,884)
Taxes paid	(14,462)	(131,592)
Net cash provided by operating activities	(21,091)	(191,911)
Cash Flows from Investing Activities		
Net increase in savings deposits	13,339	121,374
Purchase of monetary receivables bought	(1,500)	(13,649)
Proceeds from the sale or maturity of trade payables	800	7,279
Increase in money in trust	(35,505)	(323,066)
Decrease in money in trust	14,251	129,672
Purchase of securities	(588,174)	(5,351,902)
Proceeds from sale or maturity of securities	516,683	4,701,392
Loans made	(164,179)	(1,493,894)
Collection of loans	301,630	2,744,586
Purchase of property and equipment	(16,591)	(150,965)
Proceeds from sale of property and equipment	436	3,967
Increase in guaranteed loan transaction deposits	5,041	45,869
Increase in guaranteed loan transactions received	29,572	269,081
Other cash flow from investing activities	(1,532)	(13,940)
Net cash used in investing activities	74,273	675,823
Cash Flows from Financing Activities		
Repayment of commercial paper	(20,000)	(181,984)
Issuance of bonds	25,000	227,480
Purchase of treasury stock	(2,461)	(22,393)
Cash dividends paid	(3,370)	(30,664)
Cash dividends paid to minority interest	(0)	(0)
Other cash flow from financing activities	46	419
Net cash provided by (used in) financing activities	(785)	(7,143)
Effect of exchange rate changes on cash and cash equivalents	(653)	(5,942)
Net change in cash and cash equivalents	51,742	470,810
Cash and cash equivalents at beginning of year	164,704	1,498,672
Cash and cash equivalents at end of year	¥ 216,447	\$ 1,969,490

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Nichido Fire and Marine Insurance Co., Ltd.
Years ended March 31, 2000 and 1999

1. Significant Accounting Policies

(1) Basis of Presenting Financial Statements

The accompanying consolidated financial statements of The Nichido Fire and Marine Insurance Company, Limited (the "Company") have been prepared in accordance with the provisions of the Accounting Standards for Non-life Insurance Companies based on the Insurance Business Law of Japan.

These statements have been translated from the financial statements that are prepared for Japanese domestic purposes in accordance with the provision of the Securities and Exchange Law of Japan and filed with the Financial Services Agency and stock exchanges in Japan.

In preparing the accompanying consolidated financial statements for inclusion in the Company's annual report, certain categories presented in the original financial statements have been reclassified and summarized for the convenience of readers outside Japan.

Amounts of less than ¥1 million and US\$1,000 have been eliminated. As a result, totals in Japanese yen and U.S. dollars shown herein do not necessarily agree with the sum of individual amounts.

(2) U.S. Dollar Translation

The Company maintains its accounting records in Japanese yen. All dollar amounts in this report (including pages other than the Financial Section) represent the arithmetical result of translating Japanese yen to U.S. dollars on the basis of ¥109.9=US\$1.00, the approximate prevailing rate as of March 31, 2000. The inclusion of such U.S. dollar amounts is solely for the convenience of the reader and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at that or at any other rate.

(3) Scope of Consolidation

(a) Consolidated Subsidiaries: 2

Company names: The Nichido Life Insurance Co., Ltd.

Nichido Investment (Luxembourg) S.A.

(b) Non-Consolidated Subsidiaries: 12

Principal companies: European Nichido Insurance Company Limited

Nichido Kogyo Co., Ltd.

Nichido Kasai System Development Co., Ltd.

Total assets, ordinary income, net income and retained earnings from the 12 non-consolidated subsidiaries have no material effect on the financial position of the Nichido Fire and Marine Group or its consolidated results.

(4) Equity Method

The 12 non-consolidated subsidiaries and 4 affiliates exert immaterial impact on consolidated net income and consolidated retained earnings. Accordingly, results from these companies are not accounted for under the equity method.

(5) Fiscal Year for Consolidated Subsidiaries

Consolidated subsidiary Nichido Investment (Luxembourg) S.A.'s fiscal calendar ends on December 31. As the difference between closing dates does not exceed three months, consolidated financial statements include results for Nichido Investment (Luxembourg) S.A. as of December 31. Adjustments are made for major transactions undertaken between December 31 and March 31.

(6) Methods for Valuing Securities

Securities held by the parent company are valued according to the following methods:

(a) Listed securities are accounted for at the lower of cost or market value (with recoveries of write-downs recorded) based on a moving average. Other securities are valued at cost based on a moving average.

(b) Listed securities included in money in trust are accounted for using the same method described above.

Listed securities held by Nichido Life are valued at the lower of cost or market value (with recoveries of write-downs recorded) based on a moving average. Other securities are valued at cost based on a moving average. Securities held by consolidated subsidiaries overseas are valued at cost based on a moving average.

(7) Depreciation

Fixed assets at the parent company and its consolidated life insurance subsidiary are depreciated on the declining-balance method. Buildings, excluding building fixtures, acquired after April 1, 1998, are depreciated on the straight-line method.

(8) Significant Reserve Accounting Policies

(a) Reserve for Bad Debts

Reserve for bad debts at the parent company and its consolidated life insurance subsidiary is calculated as follows based on internal auditing standards for assets and standards for amortizing reserves:

For debt where the debtor has legally and formally failed, including entities that are insolvent in composition or in receivership or that have been prohibited from making clearinghouse transactions, and for debt from debtors that have failed in substance, the reserve amount is calculated as the principal balance less the amounts collectible from foreclosing collateral and from the loan's third-party guarantors.

For debt from debtors with a high likelihood of failure, the reserve amount is calculated according to the same method, also taking into account repayment potential.

For other kinds of debt, the reserve amount is calculated using historical credit loss ratios and other factors.

For all debt, the reserve amount is calculated in accordance with internal asset assessment standards conducted by the appropriate section and reviewed by an independent assessor.

(Change in presentation method)

In previous periods, the reserve for bad debts was presented on the balance sheet as a liability. However, in line with revisions to the Implementation Regulations for the Insurance Business Law, as of the fiscal year ended March 31, 2000, reserve for bad debts is deducted from total assets.

(b) Reserve for Retirement Allowances

The parent company recognizes its pension benefit obligation as the discounted present value of predicted future pension benefit payments. The reserve for retirement allowances is calculated by deducting the fair market value of pension assets under tax-eligible pension plans from this pension benefit obligation.

(Changes in the accounting method)

In previous terms, accounting standards used by the parent company provided for reserve for retirement allowances in the amount required if all employees terminated their employment at the end of the fiscal year under voluntary conditions. For tax-eligible pension plans, past service costs were amortized on a straight-line basis each year, and all other costs were expensed at the time of payment. However, in line with the introduction of consolidated accounting in the fiscal year ended March 31, 2000, the parent company now recognizes its pension benefit obligation as the discounted present value of predicted future pension benefit payments. The reserve for retirement allowances is calculated by deducting the fair market value of pension assets under tax-eligible pension plans from this pension benefit obligation.

In line with this change in accounting methods, the Company recognized an extraordinary loss of ¥4,094 million (US\$37.3 million) as a one-time transfer of reserve for retirement allowances. Compared with the previous method, the new method resulted in a reduction in income before income taxes equal to this extraordinary loss.

(c) Reserve for Bonuses

The parent company and its consolidated life insurance subsidiary provide for the reserve for bonuses based on the estimated bonus payment.

(d) Reserve for Price Fluctuation

The parent company and its consolidated life insurance subsidiary account for the reserve for price fluctuation according to Article 115 of the Insurance Business Law. This reserve provides for losses from stock-price and other price fluctuations.

(9) Consumption Tax

Consumption taxes are accounted for by the net-of-tax method at the parent company and its consolidated life insurance subsidiary. Expenses including loss adjustment expenses and operating, general and administrative expenses are accounted for by the gross-of-tax method. Nondeductible consumption tax on assets is accounted for in other assets and is depreciated on a straight-line basis over five years.

(10) Finance Leases

Excluding finance leases where ownership of leased property transfers to the lessee, the parent company and its consolidated life insurance subsidiary account for finance lease transactions according to accounting rules applicable to operating lease transactions in Japan.

(11) Tax-Eligible Pension Plan

As of the 76th term, the parent company began using a tax-eligible pension plan in addition to its previous pension plan. Past service costs were not recorded for the fiscal year ended March 31, 2000.

(12) Deferred Assets According to Insurance Business Law Article 113

Amortization of deferred assets according to Article 113 of the Insurance Business Law is carried out according to the regulations and the internal provisions of the Company's consolidated life insurance subsidiary.

(13) Significant Accounting Policies for Overseas Consolidated Subsidiaries

Accounting standards for overseas consolidated subsidiaries conform to the standards used in the country in which the subsidiary resides.

(14) Appropriation of Retained Earnings

Appropriation of retained earnings is presented on the consolidated appropriations of retained earnings statement as decided by the Company during the consolidated fiscal year.

(15) Scope of Consolidated Statement of Cash Flows

Cash (cash and cash equivalents) on the consolidated statement of cash flows includes cash on hand, demand deposits and short-term investments, such as time deposits where the time between purchase and maturity, or the time until repayment, is less than three months.

(16) Additional Information

(a) Due to a revision in regulations concerning consolidated financial statements, the Company recognized tax effects in the consolidated fiscal year under review. In line with this change, the Company recorded a deferred tax asset of ¥102,001 million (US\$928.1 million). Compared with the previous accounting method, recognition of tax effects had the effect of increasing net income by ¥60 million (US\$0.5 million) and increasing unappropriated retained earnings at fiscal year-end by ¥102,001 million (US\$928.1 million).

To adjust the amount recorded in the underwriting reserve in prior periods for tax-effect accounting, the Company recorded a revision to underwriting reserve due to adoption of tax-effect accounting on the consolidated appropriations of retained earnings statement of ¥77,745 million (US\$707.4 million). This had the effect of lowering unappropriated retained earnings by an amount equal to this adjustment.

In previous terms, provisions and reversals of the underwriting reserve were recorded net of the effect on income taxes. However, in line with this change, the Company now records provisions and reversals of the underwriting reserve gross of the income tax effect. The effect of this change in accounting methods was to raise ordinary income and income before income taxes by ¥2,588 million (US\$23.5 million).

(b) In previous terms, in line with the Corporate Income Tax Law, the parent company and its consolidated life insurance subsidiary recognized expenses in outsourcing development of internal-use software as an asset depreciated over five years according to the straight-line method. However, the Company adopted the methods described in "Practical Guidance for Accounting for Research and Development Costs." (The Japanese Institute of Certified Public Accountants [JICPA] Accounting Committee Report No. 12) in the consolidated fiscal year under review. As a result, expenses from outsourcing internal-use software development are accounted for as assets and depreciated over five years by the straight-line method.

In line with this change, the portion of depreciation expense for the consolidated fiscal year under review was included in loss adjustment expenses and operating, general and administrative expenses. The parent company wrote off its remaining balance of ¥3,301 million (US\$30.0 million) in a one-time charge in the period ended March 31, 2000, recorded as an extraordinary loss. However, the consolidated life insurance subsidiary continues to use the previous method of accounting.

The effect of this change to the accounting method, was to increase ordinary income by ¥11 million (US\$0.1 million) and decrease income before income taxes by ¥3,290 million (US\$29.9 million).

2. Consolidated Balance Sheets

(1) Accumulated depreciation of fixed assets totaled ¥46,056 million (US\$419.1 million), and advanced depreciation was ¥9,385 million (US\$85.4 million).

(2) Stock of non-consolidated subsidiaries and affiliates is as follows:

Securities: ¥2,926 million (US\$26.6 million)

(3) (a) Loans to borrowers under bankruptcy proceedings totaled ¥5,582 million (US\$50.8 million), and past-due loans for over six months totaled ¥9,733 million (US\$88.6 million). Loans to borrowers under bankruptcy proceedings include loans in which borrowers have provided no payment of principal or interest for a substantial period and there are no prospects for recovery or

repayment of principal or interest. Accordingly, no interest has been accrued (excluding loans written off, referred to here as nonaccrual loans). This category of nonaccrual loans is defined in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965), items *i* through *v* in Article 96, Section 1, Part 3, and in Part 4 of the same Article.

Past-due loans for over six months include nonaccrual loans other than loans to borrowers under bankruptcy proceedings and loans where interest payments have been rescheduled to assist the borrowers in a management restructuring.

(b) Loans past due three months or more totaled ¥590 million (US\$5.4 million).

Past-due loans for three months or more include loans in which principal or interest has been in arrears for three months or more from the contracted payment date. These loans do not include loans to borrowers under bankruptcy proceedings or past-due loans for over six months (except for restructured loans).

(c) Restructured loans totaled ¥5,756 million (US\$52.4 million).

With restructured loans, the borrower has obtained terms and conditions more favorable than the original loan agreement, including reduction or elimination of interest rates, rescheduled interest and principal payments, or cancellation of debt. Loans are placed in this category as a way of supporting management restructuring of the borrower. They exclude loans to borrowers under bankruptcy proceedings, past-due loans for over six months and past-due loans for three months or more.

(d) Loans to borrowers under bankruptcy proceedings, past-due loans for over six months, past-due loans for three months or more and restructured loans totaled ¥21,663 million (US\$197.1 million).

(4) Assets pledged as collateral include ¥1,568 million (US\$14.3 million) in securities. Collateralized debt included loans of ¥298 million (US\$2.7 million).

(5) Other assets include ¥1,154 million (US\$10.5 million) in deferred assets under Article 113 of the Insurance Business Law.

(6) The balance of loans transferred through loan participation agreements totaled ¥15,900 million (US\$144.7 million) as of March 31, 2000, in accordance with the JICPA Accounting Committee Report No. 3 on loan participations published in June 1995.

3. Consolidated Income Statements

(1) Major operating costs were as follows:

Agency sales commissions: ¥62,360 million (US\$567.4 million)

Wages and salaries: ¥39,319 million (US\$357.8 million)

Operating costs are included on the consolidated income statements as loss adjustment expenses, operating, general and administrative expenses, agency commissions and brokerage and collection expenses.

(2) Other extraordinary losses included ¥3,301 million (US\$30.0 million) to write off the portion of expenses for outsourcing of internal-use software development not yet depreciated by the parent company, ¥1,941 million (US\$17.7 million) in losses on valuation of unlisted securities at the parent company and a special one-time charge of ¥1,034 million (US\$9.4 million) taken by the parent company in implementing the new retirement system.

4. Consolidated Statement of Cash Flows

(1) Cash and Cash Equivalents, and the Cash Line Item on the Balance Sheet

(Yen in millions)	
Cash on Hand and in Banks:	¥ 89,186
Call Loans:	57,615
Monetary Receivables Bought:	102,613
Securities:	909,023
Time Deposits Held Longer than Three Months:	(35,668)
Nonmonetary Receivables Bought:	(3,613)
Noncash Securities:	(902,709)
Cash and Cash Equivalents:	216,447

(2) Major Noncash Transactions

None

5. Market Value of Securities

(Yen in millions)			
As of March 31, 2000			
Class	Book Value	Market Value	Valuation Profit or Loss
Bonds	¥270,954	¥ 274,910	¥ 3,956
Stocks	325,710	924,014	598,303
Foreign Securities	99,766	111,409	11,643
Other Securities	37,333	36,483	(849)
Total	¥733,764	¥1,346,817	¥613,053

Notes:

1. Market values of current listed and unlisted securities reflect only values for which a market price can be reasonably estimated.

2. Methods for Calculating Market Value

(a) Listed marketable securities

Chiefly closing prices on the Tokyo Stock Exchange

(b) Over-the-counter (OTC) securities

Trading price reported by Japan Securities Dealers Association

(c) Securities with quoted prices (excluding listed and OTC securities)

Quotations for OTC bonds reported by Japan Securities Dealers Association

(d) Beneficiary certificates for unlisted securities investment trusts

Net asset value (NAV) per unit

(e) Other government and corporate bonds (excluding bonds where market value calculation is difficult)

Market value calculation based on yield of OTC benchmark issue provided by Japan Securities Dealers Association, adjusted for maturity dates and other conditions

(f) Foreign securities (including U.S. government bonds)

Price as reported by Gov PX, the Daily Official List, La Cote Officielle and other financial publications

3. Carrying amount of marketable and investment securities excluded from aggregate market value disclosure

Bonds:	¥ 39,415
Stocks:	8,313
Foreign Securities:	120,485
Other Securities:	7,044

6. Market Value of Money in Trust

(Yen in millions)			
As of March 31, 2000			
Class	Book Value	Market Value	Valuation Profit or Loss
Money in Trust	¥49,588	¥49,714	¥126

Note: When a reasonable value can be calculated for securities held in trust assets, the method used is the same as for "Market Value of Securities." For other classes of assets in trust, the balance sheet amount is used. Money in trust disclosed above includes derivative transactions.

7. Market Value of Derivative Financial Instruments

(1) Currency Contracts

(Yen in millions)				
As of March 31, 2000				
Class	Contracted Amount	Longer than One Year	Market Value	Valuation Profit or Loss
Nonmarket Transactions				
Forward Exchange Contracts				
Short Positions				
U.S. Dollar	¥15,092	—	¥15,630	¥(538)
Long Positions				
U.S. Dollar	6,316	—	6,333	16
Euro	1,022	—	1,017	(4)
Total	¥ —	—	¥ —	¥(526)

Notes:

1. Market value of currency contracts is calculated according to the currency futures market at fiscal year-end.

2. Foreign-currency-denominated cash debentures and loans with forward currency contracts for a predetermined rate of exchange on settlement date are not included in the above disclosure and are indicated as yen-based items on the balance sheet.

(2) Interest Rate Contracts

(Yen in millions)				
As of March 31, 2000				
Class	Contracted Amount	Longer than One Year	Market Value	Valuation Profit or Loss
Nonmarket Transactions				
Interest Rate Swap Agreements				
Receive Fixed Rate, Pay Floating Rate	¥1,000	¥1,000	¥5	¥5
Total	—	—	—	¥5

Note: Market value is calculated based on price levels quoted by financial institutions on opposite sides of the contract.

(3) Equity

None

(4) Bonds

(Yen in millions)				
As of March 31, 2000				
Class	Contracted Amount	Longer than One Year	Market Value	Valuation Profit or Loss
Market Transactions				
Bond Futures Contracts				
Short Positions	¥12,833	—	¥12,887	¥(53)
Total	¥ —	—	¥ —	¥(53)

Note: Market value is calculated based on closing prices on the Tokyo Stock Exchange.

(5) Other

None

INDEPENDENT AUDITOR'S REPORT

The Nichido Fire and Marine Insurance Company, Limited
President: Takashi Aihara

In accordance with the provisions set forth in Article 2 Section 193 of the Securities Exchange Law, we have examined the consolidated financial statements, including the consolidated balance sheets, consolidated income statements, consolidated appropriations of retained earnings, consolidated statement of cash flows, and consolidated supplementary schedules, with respect to accounting matters, of The Nichido Fire and Marine Co., Ltd. for the period from April 1, 1999, to March 31, 2000. Our examination was made in accordance with generally accepted auditing standards in Japan and, accordingly, such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accounting principles and methods used in preparing the Company's consolidated financial statements conform with generally accepted corporate accounting standards and, excluding the items described below, are in accordance with principles and methods used in the Company's financial statements from previous fiscal years. In addition, the methods of presentation for the consolidated financial statements conform to Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance, No. 28, 1976).

The following changes were made to the Company's consolidated financial statements in the fiscal year under review:

In previous terms, accounting standards used by the Company provided for reserve for retirement allowances in the amount required if all employees terminated their employment at the end of the year under voluntary conditions. For tax-eligible pension plans, past service costs were amortized on a straight-line basis each year, and all other costs were expensed at the time of payment. However, in line with the introduction of consolidated accounting in the fiscal year ended March 31, 2000, the Company now recognizes its pension benefit obligation as the discounted present value of predicted future pension benefit payments. The reserve for retirement allowances is calculated by deducting the fair market value of pension assets under tax eligible pension plans from this pension benefit obligation.

This change reflects the increasing importance of accounting for pensions as outlined in the JICPA Accounting Committee Report No.13 "Practical Guidelines for Accounting for Retirement Benefits." We concur with this change in accounting method and believe it will more accurately reflect the costs associated with the pension plan and will contribute to a more sound financial position for the Company.

The effect of the change was to reduce income before income taxes by ¥4,094 million (US\$37.2 million).

In our opinion, the above financial statements present fairly the financial position of The Nichido Fire and Marine Co., Ltd. as of March 31, 2000, and the operating results and cash flow for the Company during the fiscal period ending on the same date.

There are no conflicts of interest between the Company and its Auditors that must be stated according to provisions of the Certified Public Accounting Law.

Aoyagi Audit Corporation

Aoyagi Audit Corporation

Note:

The Company prepared its financial statements based on revised accounting principles for consolidated financial statements introduced in the fiscal year ended March 31, 2000, including the introduction of tax-effect accounting and new accounting standards for research and development expenses. These revisions are stated clearly in the Notes to Consolidated Financial Statements and Notes in Additional Information to the Company's financial statements.

CORPORATE GROUP OUTLINE

The following section contains information on the principal business activities of the Company and its subsidiaries and affiliates and the position of Group companies within the Nichido Fire and Marine Group.

Business Activities

(1) Non-Life Insurance Operations

(a) Non-Life Insurance and Related Businesses

The Company, European Nichido Insurance Company Limited and Nichido Fire Ireland Limited carry out non-life insurance operations. Claims research services, accident help-desk operations and other businesses related to non-life insurance are carried out by Nichido Kasai Claims Research Co., Ltd., Nichido Loan Service Co., Ltd. and Nichido Kasai Back Up Dial Co., Ltd.

(b) Asset Management

Investment advisory operations are carried out by Nichido Kasai Investment Management Co., Ltd. and securities investment by Nichido Investment (Luxembourg) S.A. and consumer loan businesses by Nichido Kasai General Finance Co., Ltd.

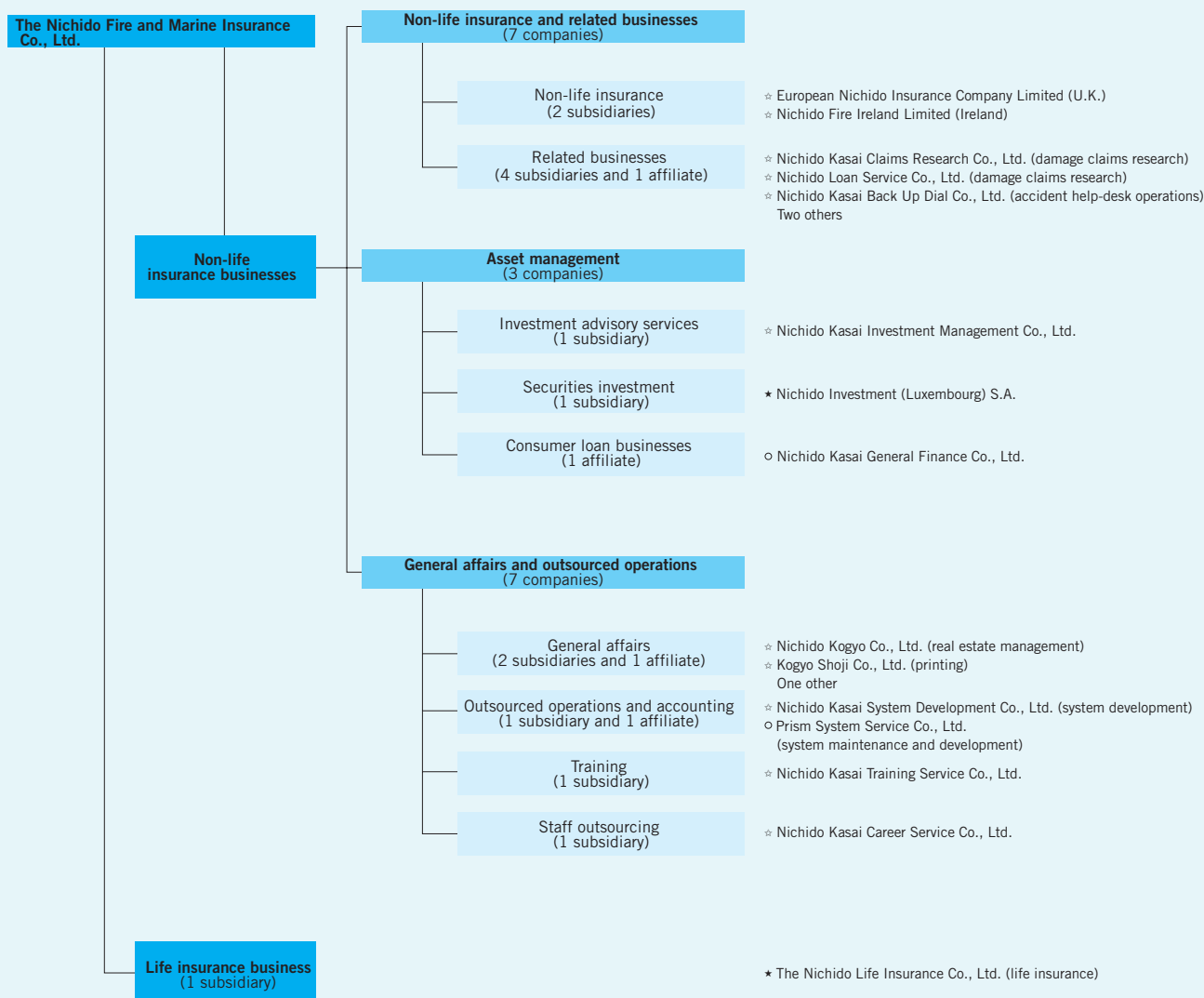
(c) General Affairs and Outsourced Operations

The Company outsources many supplementary business activities to affiliated companies. These include real estate management and other general affairs handled by Nichido Kogyo Co., Ltd.; development of computer systems and accounting-related operations carried out by Nichido Kasai System Development Co., Ltd. and Prism System Service Co., Ltd.; staff training handled by Nichido Kasai Training Service Co., Ltd.; and staff outsourcing by Nichido Kasai Career Service Co., Ltd.

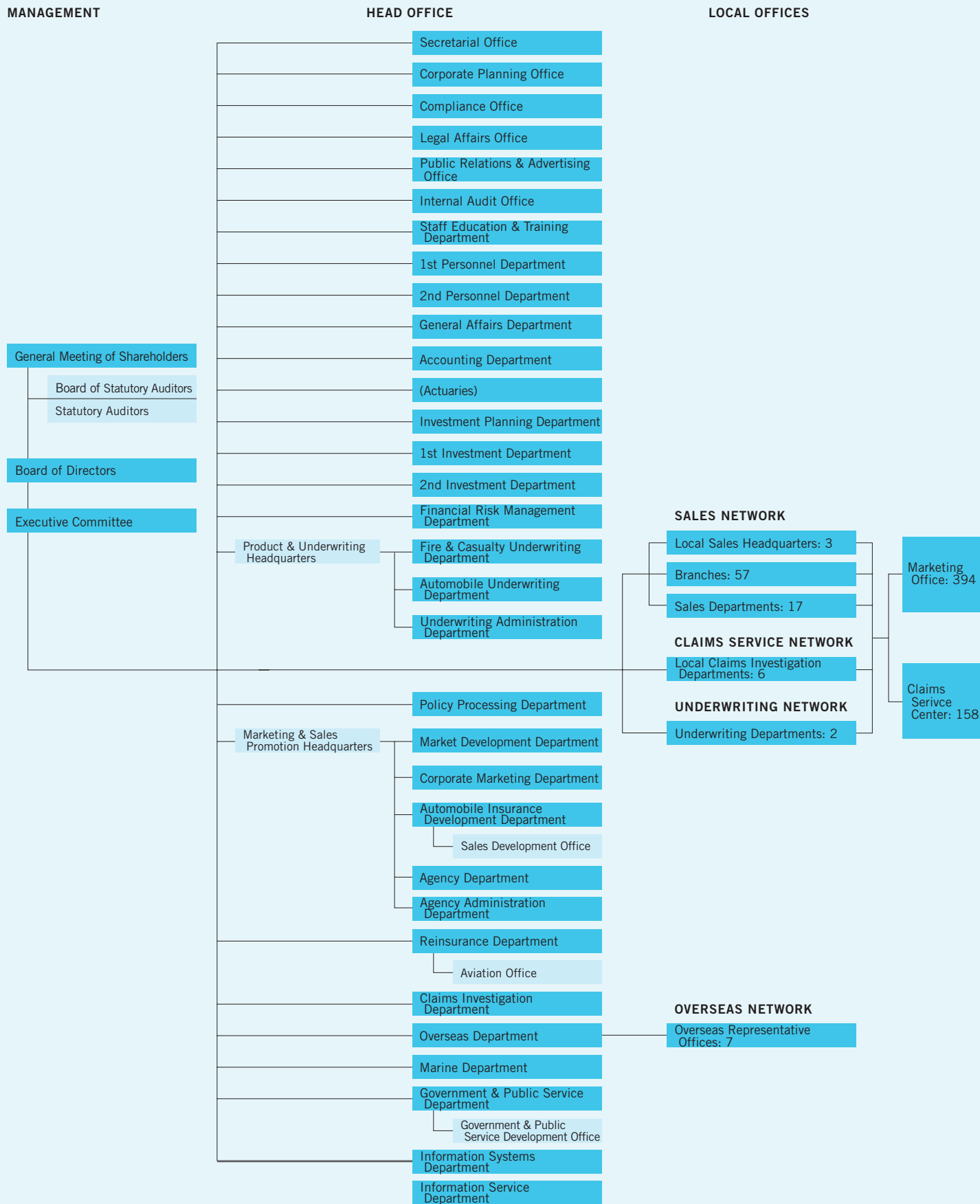
(2) Life Insurance Operations

The Nichido Life Insurance Co., Ltd. carries out life insurance operations.

OPERATIONAL CHART



ORGANIZATION OF THE NICHIDO FIRE AND MARINE INSURANCE CO., LTD. (as of April 1, 2000)



DIRECTORS AND STATUTORY AUDITORS

Chairman

Ikuo Egashira

Vice-Chairman

Tadahiko Hoshino

President

Takashi Aihara

Executive Vice-President

Tatsuhiko Hirose

Tomio Higuchi

Executive Managing Director

Shigeo Kajiyama

Managing Directors

Eisuke Ichinohe

Sadao Yamamoto

Kazuyo Nakashima

Yukiteru Noji

Yasuo Tago

Katsuto Kominami

Norishige Nishizawa

Akira Tonishi

Directors

Tetsuyuki Saijyo

Tadashi Otsuka

Takehiko Kaneko

Akira Ito

Hiroataka Sugawara

Tetsuo Kamioka

Standing Statutory Auditors

Ryuji Yamamura

Michitaka Saito

Statutory Auditors

Susumu Yamashita

Iwao Hanaoka

As a result of the decision at the board meeting after the General Meeting of Shareholders held on June 29, 2000

CORPORATE HISTORY

1899

The Company's predecessor, Tokyo Buppin Fire Insurance Co., Ltd., begins operations in the Nihonbashi section of Tokyo

1914

Nihon Dosan Fire Insurance Co., Ltd. established in Osaka

1944

Head office moves to Tokyo
Merged with Toho Fire Insurance Co., Ltd.

1945

The Company changes name to The Nichido Fire and Marine Insurance Co., Ltd.

1949

Nichido Fire and Marine listed on the Tokyo Stock Exchange

1955

Nichido Fire and Marine listed on the Osaka Stock Exchange

1961

Beginning of staff dispatches to a London Office

1972

Entered alliance with American International Group

1973

New York Office opens

1974

Guam Office opens

1979

Nationwide online network for automobile claims assessment completed

1986

Beijing Office opens

1987

Nichido Investment (Luxembourg) S.A. established

1989

Los Angeles Office opens

1990

Singapore Office opens

1991

European Nichido Insurance Co., Ltd. established in London
Düsseldorf Office opens

1992

"PRIME" comprehensive financial system begins operations

1994

Nichido Fire and Marine celebrates 80th anniversary

1996

1:1.05 stock split and gratis share allotment instituted
Wholly owned subsidiary, The Nichido Life Insurance Co., Ltd. established

1997

Hong Kong Office opens
Start of the three-year plan "New Age Challenge 2001"

1998

Business alliance with The New India Assurance Co., Ltd.

1999

The Company performs non-life insurance underwriting in Guam—its first overseas underwriting to non-Japanese entities abroad

CORPORATE DATA

The Nichido Fire and Marine Insurance Company, Limited

Head Office

3-16, Ginza 5-chome, Chuo-ku, Tokyo 104-0061, Japan
Phone: 03-3571-5141

Established

1914

Paid-in Capital

¥50.6 billion (as of March 31, 2000)

Total Assets

¥1,828 billion (as of March 31, 2000)

Gross Premiums Written

Non-Life: ¥608.4 billion (as of March 31, 2000)

Life: ¥24.0 billion (as of March 31, 2000)

Employees

Parent Company: 7,040 (as of March 31, 2000)

Life Insurance Subsidiary: 106 (as of March 31, 2000)

Agencies

29,623 (as of March 31, 2000)

Business Lines

Parent Company

Fire, Marine, Inland Transit, Personal Accident, Fidelity & Credit, Automobile, Aviation, Burglary, Windstorm & Flood, Plate-Glass, Boiler Turbo-Set, Animal, Workers' Compensation, Guarantee & Surety Bond, Compulsory Automobile Liability, Machinery, Liability, Ship's Passengers Accident Liability, Nuclear Energy, Contractors All Risks, Movable All Risks, and Miscellaneous Pecuniary Loss Insurance and Reinsurance thereof

Life Insurance Subsidiary

Life Insurance

STOCK INFORMATION

Fiscal Year-End

March 31

Par Value

¥50

Registrar & Transfer Agent

The Dai-Ichi Kangyo Fuji Trust & Banking Co., Ltd.

Traded

Tokyo Stock Exchange

Osaka Securities Exchange

Number of Shares Issued

445,443,869 (as of March 31, 2000)

Number of Shareholders

11,582 (as of March 31, 2000)

Major Shareholders

The Fuji Bank, Ltd.

The Daiwa Bank, Ltd.

The Long-Term Credit Bank of Japan, Ltd.

The Asahi Bank, Ltd.

(as of March 31, 2000)

ACQUIRED RATINGS (as of June 30, 2000)

Standard & Poors

AA (as Insurer Financial Strength)

Moody's

Aa2 (as Insurer Financial Strength)

THE NICHIDO FIRE AND MARINE INSURANCE CO., LTD.

3-16, Ginza 5-chome
Chuo-ku, Tokyo 104-0061, Japan

