

**For the attention of our Investors / Analysts**

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**Aioi Insurance**

**Company Presentation**

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**(including FY2002 Earnings)**

**23 May 2003**

**Aioi Insurance Co., Ltd.**

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**Data**

**FY2002 Earnings Data**

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# **I. FY2002 Earnings Summary**

# I. FY2002 Earnings Summary

## 1. Key Points

Unit: Yen bn

|  | FY2001  | FY2002 | YoY     |          |
|--|---------|--------|---------|----------|
|  |         |        | YoY     | Change % |
| Net Premium Income                     | 777.3   | 836.8  | 59.4    | 7.7%     |
| Net Paid Claims                        | 480.2   | 463.6  | (16.6)  | -3.5%    |
| Net Operating Expenses                 | 302.6   | 295.2  | (7.3)   | -2.4%    |
| Operating Balance                      | (45.7)  | 38.9   | 84.7    | -        |
| Increase in Loss Reserve               | 119.6   | (28.5) | (148.1) | -        |
| Increase in Extraordinary Loss Reserve | (35.4)  | 11.9   | 47.3    | -        |
| Underwriting Profit                    | (127.4) | 7.3    | 134.8   | -        |
| Profit/Loss on assets under management | 43.3    | 19.3   | (24.0)  | -55.4%   |
| Ordinary Profit                        | (92.1)  | 20.3   | 112.4   | -        |
| Net Profit                             | (83.4)  | 10.3   | 93.7    | -        |
| Net Loss Ratio                         | 67.0%   | 60.1%  | -6.9%   |          |
| Net Expense Ratio                      | 38.9%   | 35.3%  | -3.6%   |          |
| Combined Ratio                         | 105.9%  | 95.3%  | -10.6%  |          |

\* Net Loss Ratio includes loss adjustment expenses

[Special Factors (abolition of government CALI reinsurance, impact of Fortress Re)]

|                                   | FY2001 | FY2002 | YoY   |          |
|-----------------------------------|--------|--------|-------|----------|
|                                   |        |        | YoY   | Change % |
| Net Premium Income                | 0.8    | 63.6   | 62.7  | -        |
| Abolition of gvt CALI reinsurance |        | 48.3   | 48.3  | -        |
| Fortress Re                       | 0.8    | 15.2   | 14.3  | -        |
| Net Paid Claims                   | 32.2   | 36.8   | 4.5   | 14.1%    |
| Abolition of gvt CALI reinsurance |        | 0.6    | 0.6   | -        |
| Fortress Re                       | 32.2   | 36.2   | 4.0   | 12.3%    |
| Net Operating Expenses            | 6.7    | 1.9    | (4.8) | -70.9%   |
| Abolition of gvt CALI reinsurance |        |        |       | -        |
| Fortress Re                       | 6.7    | 1.9    | (4.8) | -70.9%   |

[Excluding Special Factors]

|                        | FY2001 | FY2002 | YoY    |          |
|------------------------|--------|--------|--------|----------|
|                        |        |        | YoY    | Change % |
| Net Premium Income     | 776.4  | 773.2  | (3.2)  | -0.4%    |
| Net Paid Claims        | 447.9  | 426.7  | (21.2) | -4.7%    |
| Net Operating Expenses | 295.9  | 293.3  | (2.6)  | -0.9%    |
| Net Loss Ratio         | 62.9%  | 60.2%  | -2.7%  |          |
| Net Expense Ratio      | 38.1%  | 37.9%  | -0.2%  |          |
| Combined Ratio         | 101.0% | 98.2%  | -2.8%  |          |

Unit: Yen bn

|                            | FY2001  | FY2002  | YoY     |          |
|----------------------------|---------|---------|---------|----------|
|                            |         |         | YoY     | Change % |
| Total Assets               | 2,663.4 | 2,496.3 | (1,671) | -6.30%   |
| Net Worth                  | 394.3   | 308.8   | (855)   | -21.70%  |
| Loss Reserve               | 1,721.7 | 1,676.2 | (455)   | -2.60%   |
| Extraordinary Loss Reserve | 172.5   | 184.4   | 119     | 6.9%     |
| Solvency Margin            | 783.0%  | 683.4%  | -99.60% | -        |

### Net Premium Income + 7.7%

Excluding special factors -0.4% (domestic direct motor -¥4.2bn)

### Net Claims Paid -3.5%

Excluding special factors -4.7% (incl. domestic direct motor -¥15.2bn)

### Net Operating Expenses -2.4%

Excluding special factors -¥2.6bn reduction (-0.9%)

### Underwriting Profit ¥7.3bn

### Profit on assets under management ¥19.3bn

### Ordinary Profit ¥20.3bn

### Extraordinary Profit

Reversion of pension fund management ¥7.5bn

### Extraordinary Loss

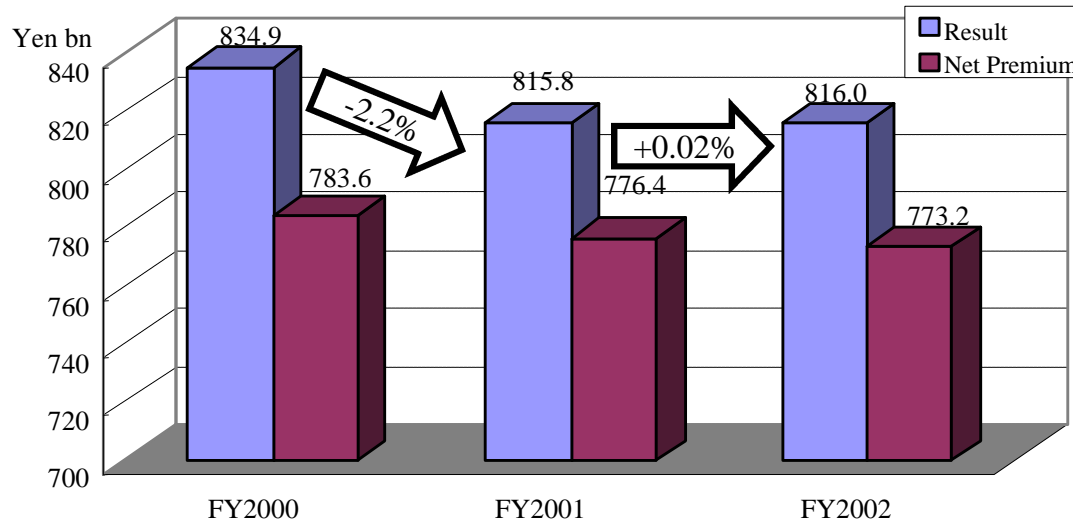
Merger costs, including systems integration -¥10.4bn

### Net Profit ¥10.3bn

# I. FY2002 Earnings Summary

## 2. Premium Income (1): Net Premium/Operating Result Trend

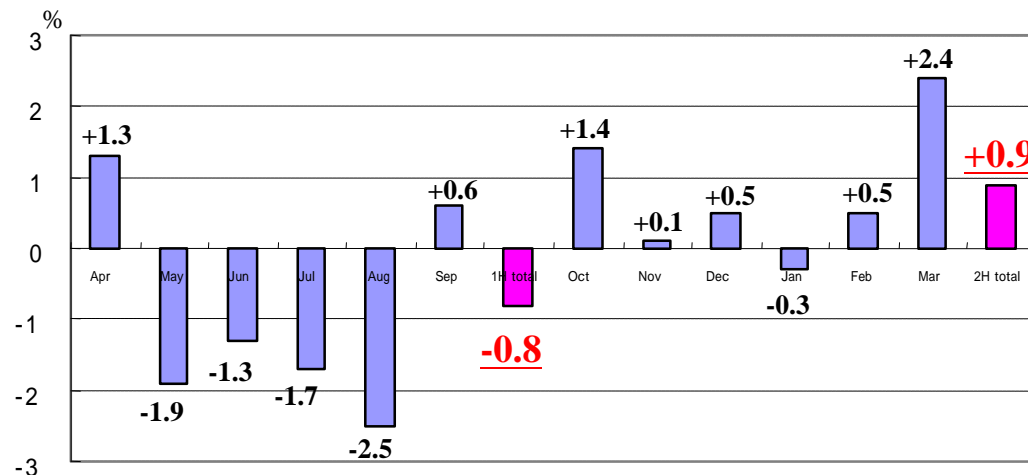
Net Premium/Operating Result by FY [Net premiums exclude Special Factors]



**Results secured on an operating basis**

**Halt to revenue decline**

FY2002: Operating Result Monthly Increase Ratio



**Revenues increasing from 2H, reflecting:**

**New product launches/  
steady efforts in  
Networks etc.**

# I. FY2002 Earnings Summary

## 2. Premium Income (2): By Class / Channel

Net Premiums by Class (excl. Special Factors)

Units: Yen bn, %

| Class        | FY2001       |             | FY2002       |             |             |
|--------------|--------------|-------------|--------------|-------------|-------------|
|              | Amount       | YoY %       | Amount       | Change      | YoY %       |
| Fire         | 91.0         | -1.7        | 81.0         | -9.9        | -11.0       |
| Marine       | 5.3          | -1.3        | 5.2          | -0.1        | -2.2        |
| Casualty     | 51.8         | -9.7        | 49.8         | -1.9        | -3.8        |
| Motor        | 488.1        | -0.3        | 490.0        | 1.8         | 0.4         |
| CALI         | 78.5         | -3.2        | 83.1         | 4.6         | 5.9         |
| Other        | 61.5         | 2.8         | 63.8         | 2.3         | 3.8         |
| <b>TOTAL</b> | <b>776.4</b> | <b>-1.2</b> | <b>773.2</b> | <b>-3.2</b> | <b>-0.4</b> |

**Fire: low-profit overseas inwards reinsurance curtailed**

**-¥8bn**

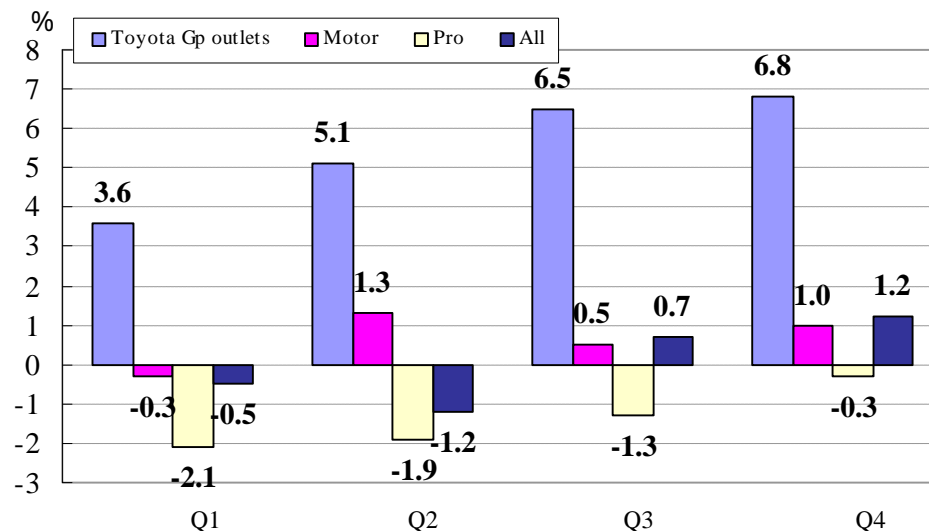
Operating Result by Channel (total of general classes)

Unit: Yen bn, %

| Channel              | FY2001       |             | FY2002       |            |            |
|----------------------|--------------|-------------|--------------|------------|------------|
|                      | Amount       | YoY %       | Amount       | Change     | YoY %      |
| Professional         | 296.0        | -2.7        | 291.7        | -4.3       | -1.4       |
| Motor                | 160.7        | -1.1        | 161.6        | 0.9        | 0.6        |
| Toyota Group outlets | 139.1        | 5.5         | 146.4        | 7.3        | 5.3        |
| Other dealers        | 36.7         | -13.6       | 33.3         | -3.4       | -9.3       |
| Companies            | 103.8        | 1.2         | 107.9        | 4.1        | 4.0        |
| Financial            | 29.0         | -16.5       | 28.8         | -0.2       | -0.5       |
| of which banks       | 2.8          | -           | 3.9          | 1.1        | 42.9       |
| Other                | 51.0         | -9.2        | 46.3         | -4.7       | -9.2       |
| <b>TOTAL</b>         | <b>815.8</b> | <b>-2.2</b> | <b>816.0</b> | <b>0.2</b> | <b>0.0</b> |

**Toyota Group sales outlets solid**  
**Recovery in motor channel, revenues up**  
**Smaller reduction in professional channel**

FY2002 Revenue Trend in Main Channels



# I. FY2002 Earnings Summary

## 2. Premium Income (3): Toyota Market

Toyota Group Premium Trend (total of general classes) Yen bn, %

|                     | FY2000       | FY2001       | Change %    | FY2002       | Increase   | Change %    | 00-02 Increase |
|---------------------|--------------|--------------|-------------|--------------|------------|-------------|----------------|
| Group sales outlets | 131.8        | 139.1        | 5.5%        | 146.4        | 7.3        | 5.3%        | 14.6           |
| Toyota              | 117.4        | 123.8        | 5.5%        | 130.6        | 6.8        | 5.5%        |                |
| Rentallease etc     | 6.6          | 7.3          | 10.6%       | 7.4          | 0.1        | 1.9%        |                |
| Daihatsu            | 7.1          | 7.3          | 2.8%        | 7.7          | 0.4        | 5.0%        |                |
| Hino                | 0.7          | 0.7          | -           | 0.7          |            | -           |                |
| Group companies     | 10.7         | 14.4         | 34.6%       | 16.9         | 2.5        | 17.4%       | 6.2            |
| Toyota Motor        | 6.2          | 9.2          | 48.4%       | 11.6         | 2.4        | 26.1%       |                |
| Group companies     | 3.7          | 4.4          | 18.9%       | 4.5          | 0.1        | 3.3%        |                |
| Daihatsu            | 0.7          | 0.7          | -           | 0.7          |            | -           |                |
| Hino                | 0.1          | 0.1          | -           | 0.1          |            | -           |                |
| <b>TOTAL</b>        | <b>142.5</b> | <b>153.5</b> | <b>7.7%</b> | <b>163.3</b> | <b>9.8</b> | <b>6.4%</b> | <b>20.8</b>    |

## Sales of Products Developed Jointly

Units: No. of policies, Yen bn

| Product                 | FY2001   |         | FY2002   |         |            |
|-------------------------|----------|---------|----------|---------|------------|
|                         | No. sold | Premium | No. sold | Premium | Increase % |
| Convini Plan            | 22,063   | 2.4     | 38,074   | 4.2     | 75.0%      |
| Ashinaga Plan           | -        | -       | 20,629   | 4.6     | -          |
| By Toyota sales outlets | -        | -       | 12,505   | 2.9     | -          |
| Via other channels      | -        | -       | 8,124    | 1.7     | -          |
| Hosho ga tsukushi       |          | 1.3     |          | 1.9     | 46.2%      |
| Longrun Warranty        |          | 1.7     |          | 2.0     | 16.4%      |

\* 'Convini Plan' = motor insurance with auto-loan

'Ashinaga Plan' = long-term motor insurance for TS<sup>3</sup> card members

'Hosho ga tsukushi', 'Longrun Warranty' = extended warranty insurance

## Business with Toyota Group Sales Outlets

|                  | FY2001       |                          |                              | FY2002       |                          |                              |
|------------------|--------------|--------------------------|------------------------------|--------------|--------------------------|------------------------------|
|                  | Newly Gained | Newly Gained (Coinsurer) | Expanded as a Leader Insurer | Newly Gained | Newly Gained (Coinsurer) | Expanded as a Leader Insurer |
| Toyota           | 71           |                          | 4                            | 54           |                          | 1                            |
| Rentallease etc. | 4            | 7                        |                              | 9            | 8                        |                              |
| Daihatsu         | 17           |                          |                              | 12           |                          |                              |
| Hino             | 6            | 12                       |                              | 5            | 2                        |                              |
| <b>TOTAL</b>     | <b>98</b>    | <b>19</b>                | <b>4</b>                     | <b>80</b>    | <b>10</b>                | <b>1</b>                     |

**Steady business expansion  
based on joint product  
development**

# I. FY2002 Earnings Summary

## 3. Loss Ratio

### Net Claims Paid / Loss Ratio Trend

Unit: Yen bn

| Class        | FY2001       |              | FY2002       |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|
|              | Claims Paid  | Loss Ratio   | Claims Paid  | Loss Ratio   | YoY %        |
| Fire         | 77.1         | 86.8%        | 37.1         | 48.2%        | -38.6%       |
| Marine       | 3.8          | 77.3%        | 2.7          | 55.0%        | -22.3%       |
| Casualty     | 20.1         | 43.7%        | 18.7         | 42.8%        | -0.9%        |
| Motor        | 286.1        | 63.5%        | 273.3        | 60.4%        | -3.1%        |
| CALI         | 49.3         | 73.6%        | 51.2         | 45.0%        | -28.6%       |
| Other        | 43.5         | 74.8%        | 80.4         | 106.1%       | 31.3%        |
| <b>TOTAL</b> | <b>480.2</b> | <b>67.0%</b> | <b>463.6</b> | <b>60.1%</b> | <b>-6.9%</b> |

NB: FY2002 - Fortress Re related business moved from Fire to Casualty

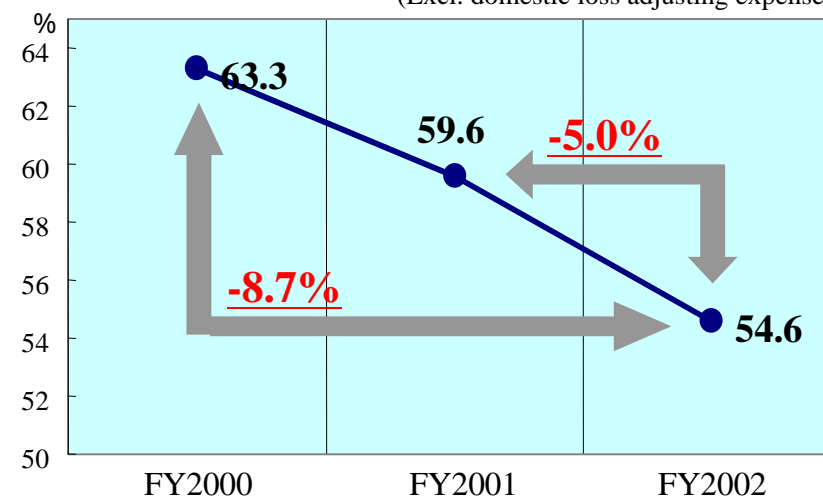
[Excluding Special Factors]

| Class        | FY2001       |              | FY2002       |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|
|              | Claims Paid  | Loss Ratio   | Claims Paid  | Loss Ratio   | YoY %        |
| Fire         | 44.8         | 51.3%        | 37.1         | 48.2%        | -3.1%        |
| Marine       | 3.8          | 77.3%        | 2.7          | 55.0%        | -22.3%       |
| Casualty     | 20.1         | 43.7%        | 18.7         | 42.8%        | -0.9%        |
| Motor        | 286.1        | 63.5%        | 273.3        | 60.4%        | -3.1%        |
| CALI         | 49.3         | 73.6%        | 50.6         | 70.5%        | -3.1%        |
| Other        | 43.5         | 75.8%        | 44.1         | 74.7%        | -1.1%        |
| <b>TOTAL</b> | <b>447.9</b> | <b>62.9%</b> | <b>426.7</b> | <b>60.2%</b> | <b>-2.7%</b> |

### Overall / Motor Loss Ratios - best improvement in the sector

#### Motor E/B Loss Ratio Trend (result basis: E/I)

(Excl. domestic loss adjusting expenses)



### FY2002 Loss Improvement

Product response -0.9%

U/W response -1.4%

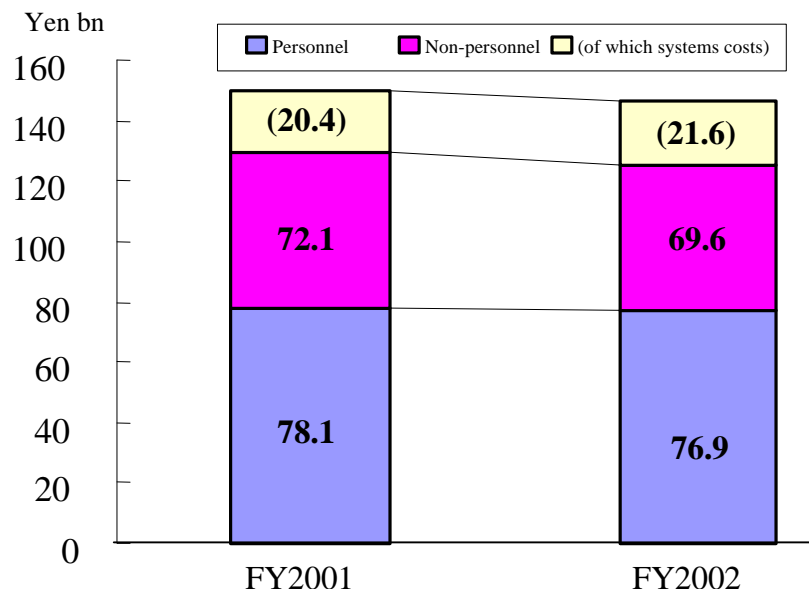
Loss adj. response -1.6%

(Vehicle theft down/Road Traffic Act reform -0.6%)

# I. FY2002 Earnings Summary

## 4. Operating Expenses

### Operating Expense Reduction



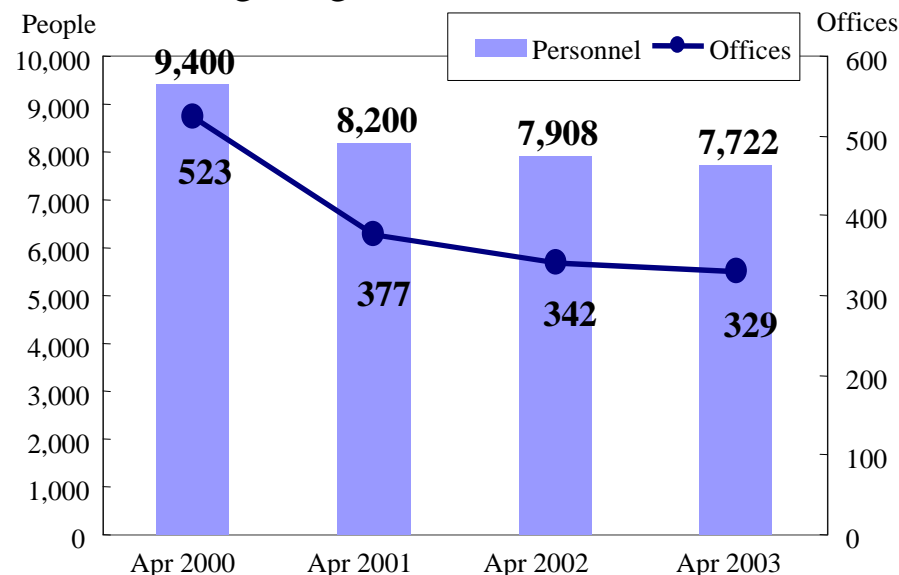
[Excluding Special Factors]

Unit: Yen bn

|  | FY2001 | FY2002 |            |
|--|--------|--------|------------|
|  |        | Change | YoY %      |
| Personnel expenses   | 78.1   | 76.9   | -1.2 -1.5% |
| Non-personnel expenses                                     | 72.1   | 69.6   | -2.5 -3.5% |
| of which systems costs                                     | 20.4   | 21.6   | 1.2 +5.9%  |
| Sales/administrative costs relating to insurance u'writing | 150.2  | 146.5  | -3.7 -2.5% |
| Net Operating Expense                                      | 295.9  | 293.3  | -2.6 -0.9% |
| Net Expense Ratio  | 38.1%  | 37.9%  | - -0.2%    |

Note: non-personnel expenses include donations, burden charges, tax

### Streamlining Progress



|                  | Apr 2000 (pre-merger) | Apr 2001 | Apr 2002 | Apr 2003 | 00/4 - 03/4 |        |
|------------------|-----------------------|----------|----------|----------|-------------|--------|
|                  |                       |          |          |          | Change      | YoY %  |
| No. of personnel | 9,400                 | 8,200    | 7,908    | 7,722    | -1,678      | -17.9% |
| incl contract    | 11,126                | 10,267   | 10,275   | 9,768    | -1,358      | -12.2% |
| Offices          | 523                   | 377      | 342      | 329      | -194        | -37.1% |
| Affiliates       | 29                    | 16       | 15       | 12       | -17         | -58.6% |

**As a result of personnel and other efficiencies, operating expenses were cut by ¥2.6bn, after investment in systems**

**Expense ratio was down by only 0.2% due to a fall in revenues**

# I. FY2002 Earnings Summary

## 5. Asset Management

### Asset Management Status

Unit: Yen bn

|                                      | FY2001 | FY2002 | Change |        |
|--------------------------------------|--------|--------|--------|--------|
|                                      |        |        | Change | YoY %  |
| Profit/Loss on Asset Management      | 43.3   | 19.3   | -24.0  | -55.4% |
| Interest and dividend income         | 46.4   | 40.3   | -6.0   | -13.1% |
| Profit on sale of securities         | 36.1   | 36.3   | 0.2    | 0.7%   |
| Appraisal loss on securities         | 10.2   | 30.2   | 19.9   | 194.4% |
| Investment yield (income yield)      | 2.11%  | 1.93%  | -0.18P | -      |
| Investment yield (real)              | 1.43%  | 1.99%  | 0.56P  | -      |
| Impairment value on securities       | 51.1   | 30.2   | -20.9  | -40.9% |
| Shares                               | 48.3*  | 28.8   | -19.5  | -40.3% |
| Foreign securities                   | 2.7    | 0.8    | -1.9   | -69.4% |
| Other                                | -      | 0.4    | 0.4    | -      |
| Unrealized profit/loss on securities | 165.4  | 27.8   | -137.6 | -83.2% |
| Government bonds                     | 9.6    | 15.2   | 5.5    | 58.1%  |
| Shares                               | 141.2  | 21.6   | -119.5 | -84.7% |
| Foreign securities                   | 16.0   | -0.7   | -16.8  | -      |
| Other                                | -1.4   | -8.2   | -6.7   | -      |

\* Includes ¥41bn stock appraisal loss posted as extraordinary loss in FY01

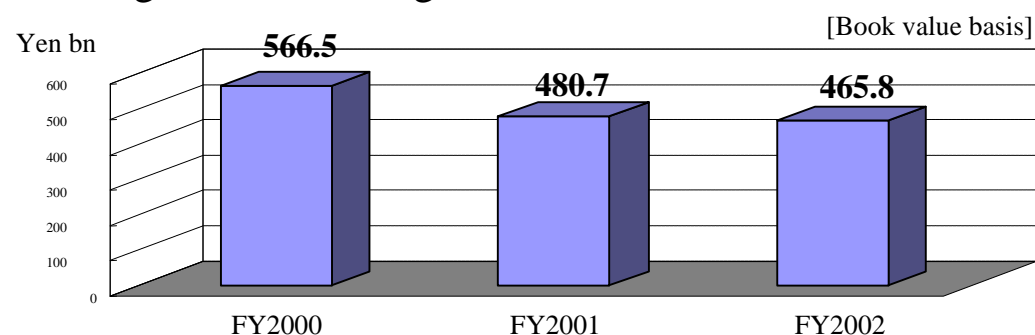
**Interest/dividend income down 13.1%, due to continued low interest environment**

**Investment yield 1.99%**

**Impairment value on securities ¥30.2bn of which ¥28.8bn shares (3 banks: ¥10.3bn)**

**Unrealized profit on securities ¥27.8bn of which ¥21.6bn shares**

### Strategic Shareholding Balance



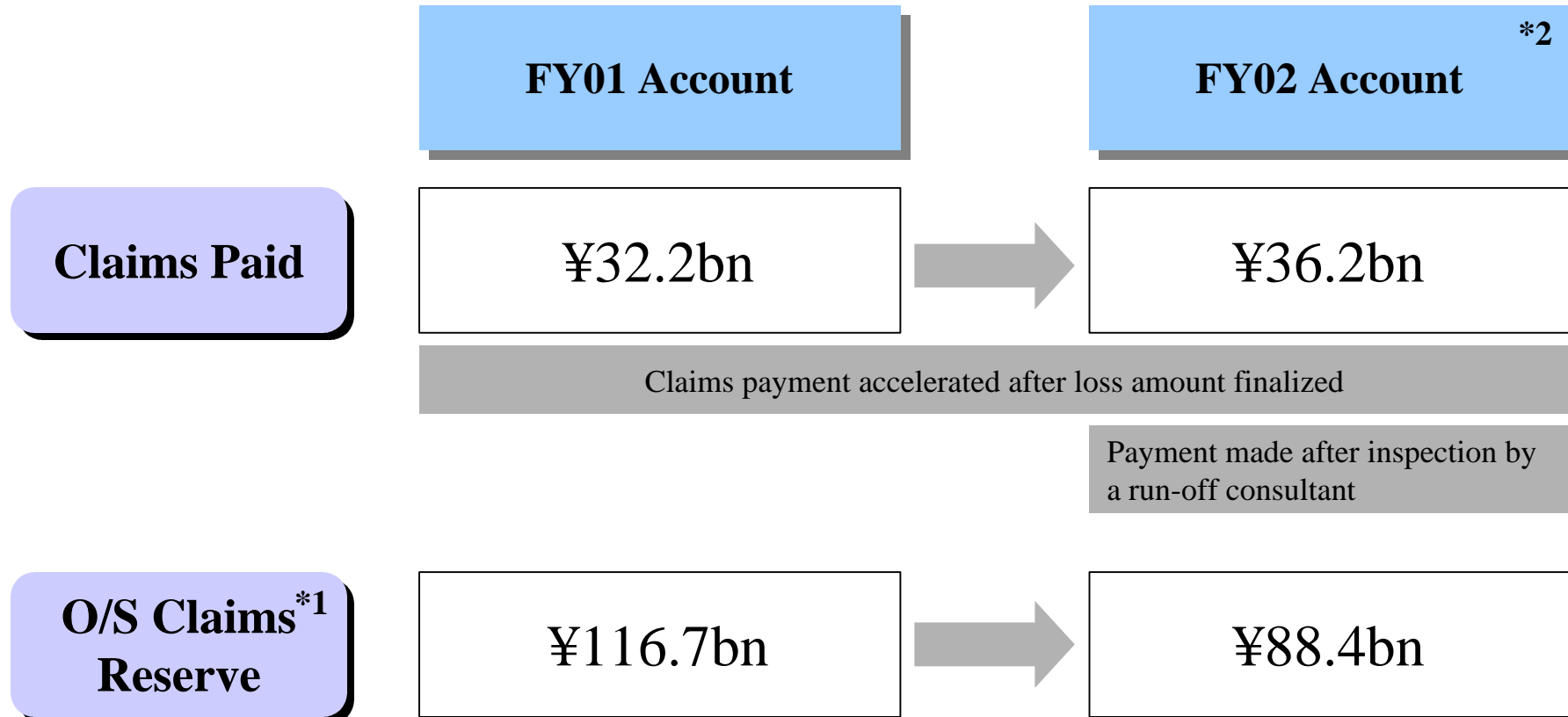
Unit: Yen bn

|                                  | FY2001 | FY2002 |
|----------------------------------|--------|--------|
| Strategic shareholding reduction | 33.9   | 13.7   |

**Internal agreement was reached to sell in 1H, but sale postponed due to fall in equity markets**

# I. FY2002 Earnings Summary

Reference: Fortress Re related data



\*1 Appropriate reserve set aside based on verification of loss estimate by international auditors (KPMG)  
Amount expected to be recovered from traditional reinsurance for previous years revised, additional ¥4.9bn provision made (conservative estimate)

\*2 Including new losses (claims paid ¥700mn, reserve outstanding ¥3.9bn)

**All reinsurance contracts expired as of 31/12/2003**

## **II. New Medium Term Plans**

## II. New Medium Term Plans

'Outwards and Onwards – Fast'

 Aioi Insurance Co., Ltd.

### 1. Medium Term Management Goals (FY2003-2005)

\* Figures in brackets exclude special factors

Improve Combined Ratio by securing growth in excess of the market and by streamlining operating expenses

|                           | FY2002                 | FY2003                 | FY2004                 | FY2005                               | FY2002-2005                           |
|---------------------------|------------------------|------------------------|------------------------|--------------------------------------|---------------------------------------|
| <b>Net Premium Income</b> | ¥836.8bn<br>(¥773.2bn) | ¥854.0bn<br>(¥779.0bn) | ¥870.0bn<br>(¥794.0bn) | <b>¥893.0bn</b><br><b>(¥815.0bn)</b> | <b>+ ¥56.2bn</b><br><b>(+¥41.8bn)</b> |
| <b>YoY Change</b>         | + 7.7%<br>(- 0.4%)     | + 2.1%<br>(+ 0.7%)     | + 1.9%<br>(+ 1.9%)     | + 2.7%<br>(+ 2.6%)                   | + 6.7%<br>(+ 5.4%)                    |
| <b>Loss Ratio</b>         | 60.1%<br>(60.2%)       | 61.8%<br>(61.0%)       | 61.7%<br>(58.8%)       | <b>61.5%</b><br><b>(57.5%)</b>       | <b>+ 1.4%</b><br><b>(- 2.7%)</b>      |
| <b>Net Expense Ratio</b>  | 35.3%<br>(37.9%)       | 33.4%<br>(36.5%)       | 32.8%<br>(35.8%)       | <b>32.0%</b><br><b>(35.0%)</b>       | <b>- 3.3%</b><br><b>(- 2.9%)</b>      |
| <b>Combined Ratio</b>     | 95.3%<br>(98.2%)       | 95.2%<br>(97.5%)       | 94.4%<br>(94.6%)       | <b>93.5%</b><br><b>(92.5%)</b>       | <b>- 1.8%</b><br><b>(- 5.7%)</b>      |
| <b>Ordinary Profit</b>    | ¥20.3bn                | ¥20.5bn                | ¥20.7bn                | <b>¥23.3bn</b>                       | <b>+¥3.0bn</b>                        |
| <b>Net Profit</b>         | ¥10.3bn                | ¥10.5bn                | ¥10.6bn                | <b>¥12.7bn</b>                       | <b>+¥2.4bn</b>                        |
| <b>Revised ROE</b>        | 3.6%                   | 3.6%                   | 3.6%                   | <b>4.2%</b>                          | <b>+ 0.6%</b>                         |

\* Revised ROE: after deduction of 'Other appraisal loss differential sums' from the 'Capital' denominator

## II. New Medium Term Plans

### 2. Target Stance & Pillars of Strategy

**Become the company of choice for region and customers**

**Establish a structure for revenue growth by strengthening core non-life operations**

**Develop Regional Market**

Establish motor networks by region  
Alliances with regional financial institutions  
Alliances with service providers/users

**Develop Toyota Market**

**Develop Integrated Multi-Service Lifestyle Products**

**Products**

Pioneering motor insurance through manufacturer alliances  
Platform products with convenience/reasonable premium  
Personal products responding to needs of ageing society (life/third sector)

+

**Services**

Best claims service (accident/repair) for customers  
Safety/Home/Medical/Lifestyle services

**Alliance Structure**

Strategic affiliates  
Toyota Motor  
Alliances

**Enhance Earnings**

**Loss improvement**

**Secure/Expand Earnings**

**Asset management**

**Boost productivity/efficiency**

**Sales reform**

## II. New Medium Term Plans

### 3. Establishing a Structure for Revenue Growth (1): Grow Domestic Direct Business

Operating Result Basis

Increase motor revenues, focused on Toyota Group outlets. Strengthen multi-product professional sales, develop financial/housing/affinity channels & boost fire/personal premiums significantly

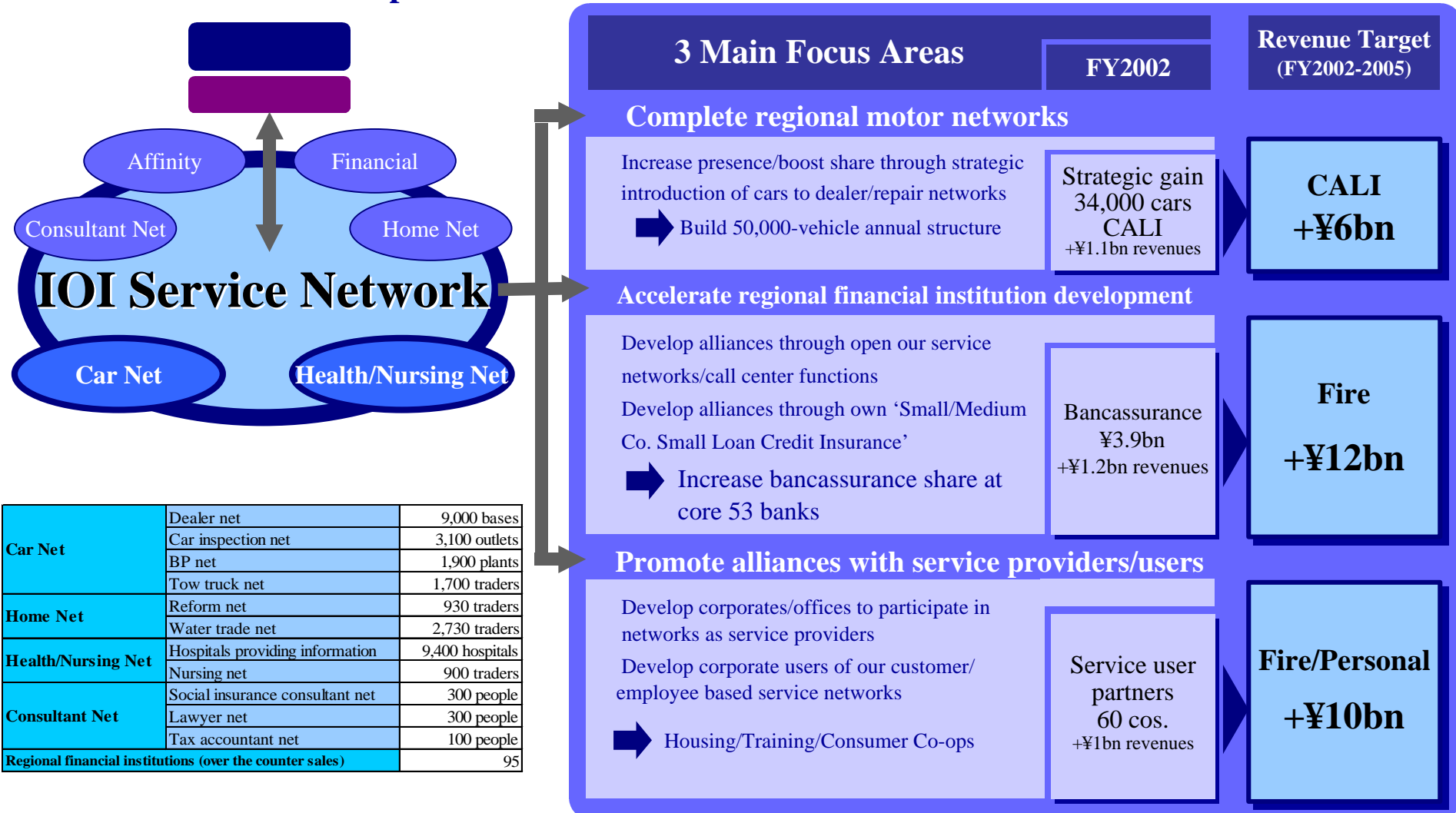
Units: Yen bn, %

| Top: premium income<br>(Bottom: increase ratio) | FY2002                         | FY2003                         | FY2004                         | FY2005                         | 2002 - 2005                     | Breakdown of revenue increase by channel |               |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--|---------------|
|   | <b>M o t o r</b>               | 475.8<br>(- 0.1)               | 477.6<br>(+ 0.4)               | 480.0<br>(+ 0.5)               | <b>483.0</b><br><b>(+ 0.6)</b>  | <b>+7.2</b><br><b>(+ 1.5)</b>            | Toyota Outlet |
|   |                                |                                |                                |                                |                                 | Other                                    | - 15.0        |
| <b>C A L I</b>                                  | 142.4<br>(+ 0.7)               | 145.0<br>(+ 1.8)               | 147.6<br>(+ 1.8)               | <b>150.2</b><br><b>(+ 1.8)</b> | <b>+7.8</b><br><b>(+ 5.5)</b>   | Toyota Outlet                            | + 4.0         |
|   |                                |                                |                                |                                |                                 | Motor                                    | + 6.0         |
|   |                                |                                |                                |                                |                                 | Other                                    | - 2.0         |
| <b>F i r e</b>                                  | 85.9<br>(+ 0.9)                | 92.5<br>(+ 7.6)                | 99.5<br>(+ 7.6)                | <b>107.3</b><br><b>(+ 7.8)</b> | <b>+21.4</b><br><b>(+ 24.9)</b> | Financial                                | + 12.0        |
|   |                                |                                |                                |                                |                                 | Pro                                      | + 4.0         |
|   |                                |                                |                                |                                |                                 | Housing sector                           | + 5.0         |
| <b>P e r s o n a l<br/>(PA/health/nursing)</b>  | 38.6<br>(- 1.9)                | 42.5<br>(+ 10.0)               | 47.7<br>(+ 12.2)               | <b>52.2</b><br><b>(+ 9.4)</b>  | <b>+13.6</b><br><b>(+ 35.2)</b> | Pro                                      | + 5.0         |
|   |                                |                                |                                |                                |                                 | Affinity                                 | + 5.0         |
|   |                                |                                |                                |                                |                                 | Other                                    | + 4.0         |
| <b>C a s u a l t y</b>                          | 64.8<br>(+ 6.4)                | 65.5<br>(+ 1.1)                | 66.2<br>(+ 1.1)                | <b>67.0</b><br><b>(+ 1.2)</b>  | <b>+2.2</b><br><b>(+ 3.4)</b>   | Financial                                | + 2.0         |
|   |                                |                                |                                |                                |                                 | Corporate                                | + 5.0         |
|   |                                |                                |                                |                                |                                 | Other                                    | - 5.0         |
| <b>M a r i n e</b>                              | 8.4<br>(- 0.7)                 | 7.6<br>(- 9.9)                 | 7.6<br>(± 0.0)                 | <b>7.6</b><br><b>(± 0.0)</b>   | <b>-0.8</b><br><b>(- 9.9)</b>   |  |               |
| <b>T O T A L</b>                                | <b>816.0</b><br><b>(+ 0.0)</b> | <b>831.0</b><br><b>(+ 1.8)</b> | <b>849.0</b><br><b>(+ 2.2)</b> | <b>867.5</b><br><b>(+ 2.2)</b> | <b>+51.5</b><br><b>(+ 6.3)</b>  |  |               |

## II. New Medium Term Plans

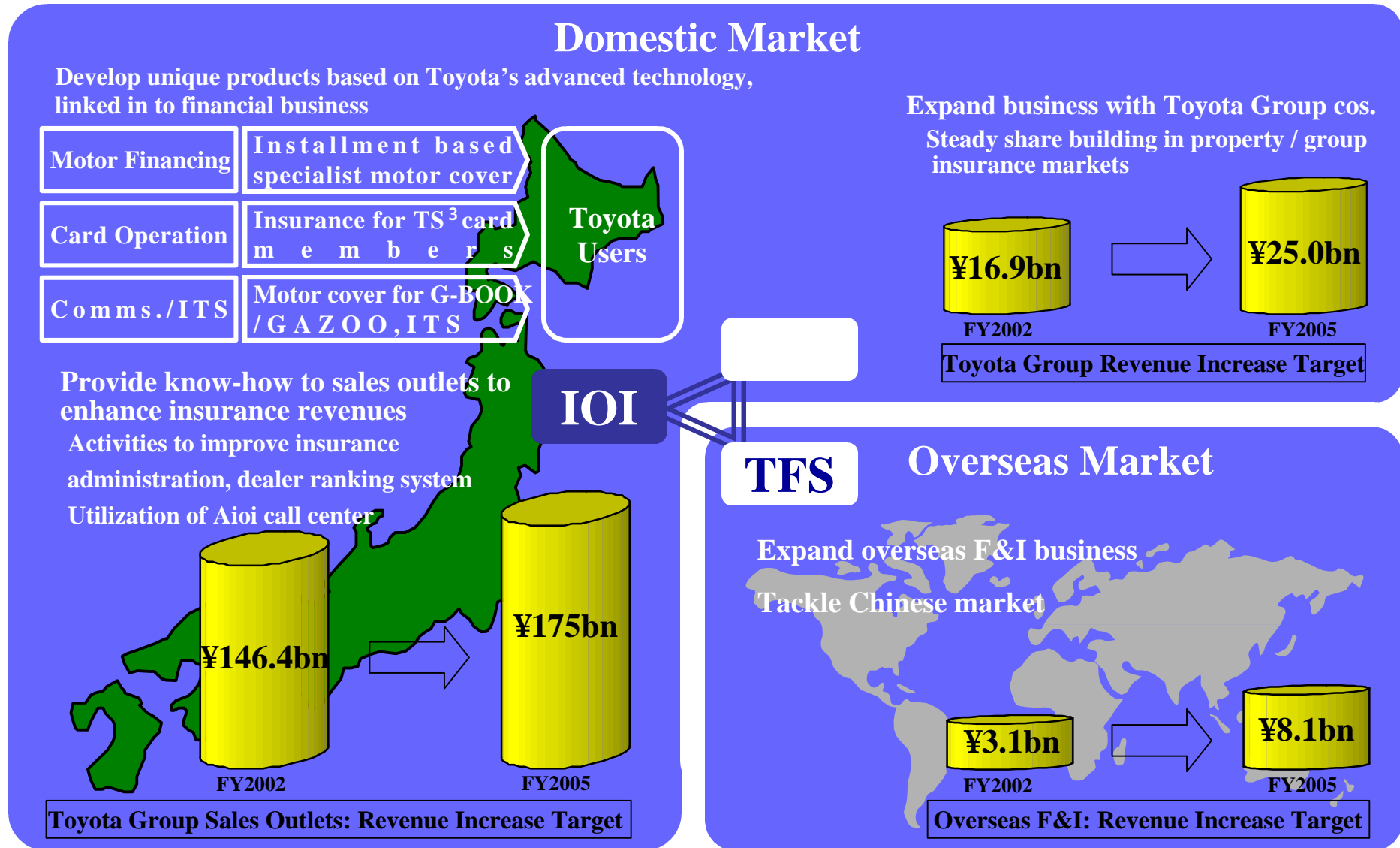
### 3. Establishing a Structure for Revenue Growth (2): Complete Regional Info Networks

Sharing of customer information/markets through service-based alliances with regional financial institutions/corporates/offices



## II. New Medium Term Plans

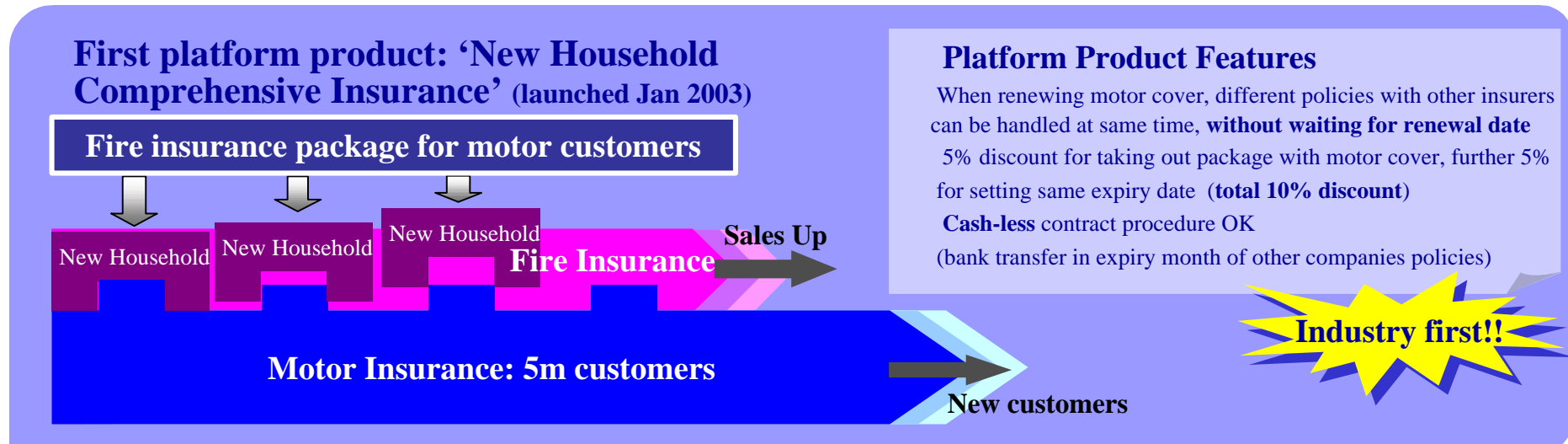
### 3. Establishing a Structure for Revenue Growth (3): Accelerate Toyota Strategy



## II. New Medium Term Plans

### 3. Establishing a Structure for Revenue Growth (4): Platform Strategy

Boost revenues and enhance product portfolio through multi-product sales (packages), centered around motor



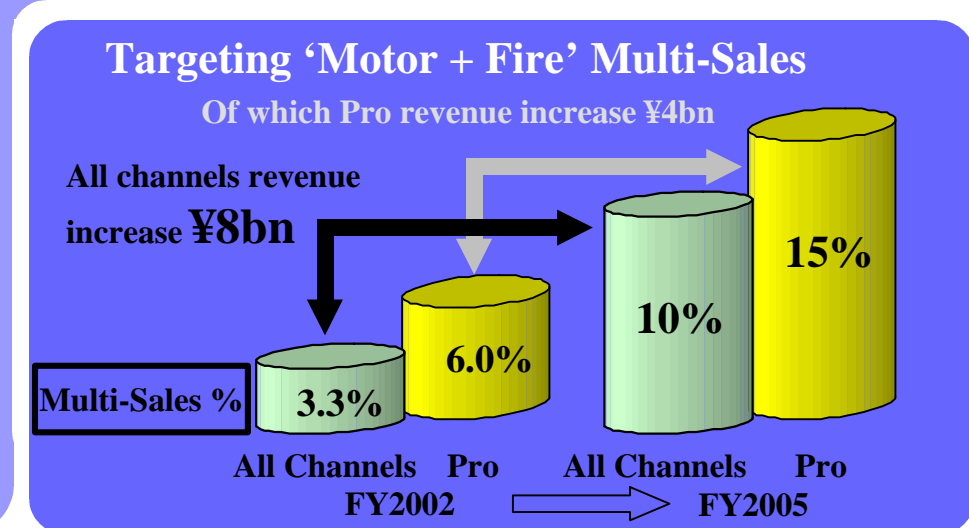
*In the 4 months since launch:*

*100,000 policies, over  
¥2bn!*

*Contributed 10% revenue  
growth in Fire*

**Expansion of platform product lineup:**

'Issho Raku Raku' (Trader's Comprehensive), Builder's Comprehensive



## II. New Medium Term Plans

### 3. Establishing a Structure for Revenue Growth (5): Channel Reform



## II. New Medium Term Plans

### 4. Enhancing Productivity/Efficiency through Business Model Reform

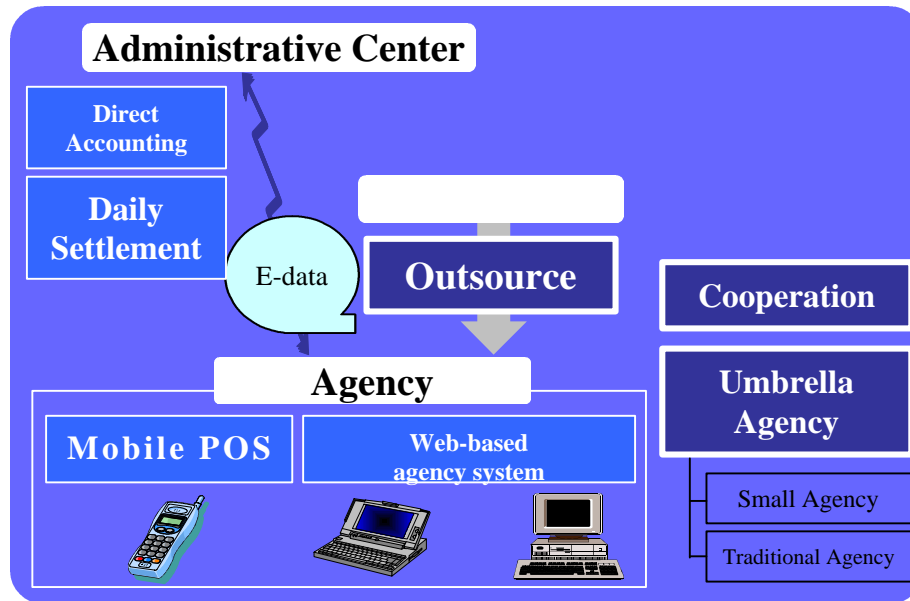
#### Reform of Administrative Processes

Cut processes through IT, outsource functions to agencies and trim processes through cooperation/umbrella agency structure

Release of new agency system (May 2003)

Internet-based daily settlement system (patent under application)

Cell phone-based accounting/info service system (cutting-edge)



Plan to introduce administrative outsourcing/cooperation/umbrella agencies

|                      | FY2002 | FY2003 | FY2004 | FY2005 |
|----------------------|--------|--------|--------|--------|
| Outsourcing Agencies | 697    | 1,500  | 2,200  | 2,500  |
| Cooperating Agencies | 43     | 150    | 250    | 400    |
| Umbrella Agencies    | 4      | 25     | 40     | 50     |

#### Sales Reform

Shift personnel to bolster new sales  
Strengthen strategic planning/dvpt functions

**Strategic Office in 3 conurbations**  
**Establish Sales Development Unit**

Build market direct development structure

**Market Managers**

Build basic control structure for small agents

**Establish sales centers**

Streamline personnel

**Earnings management**

Ensure management is focused on earnings

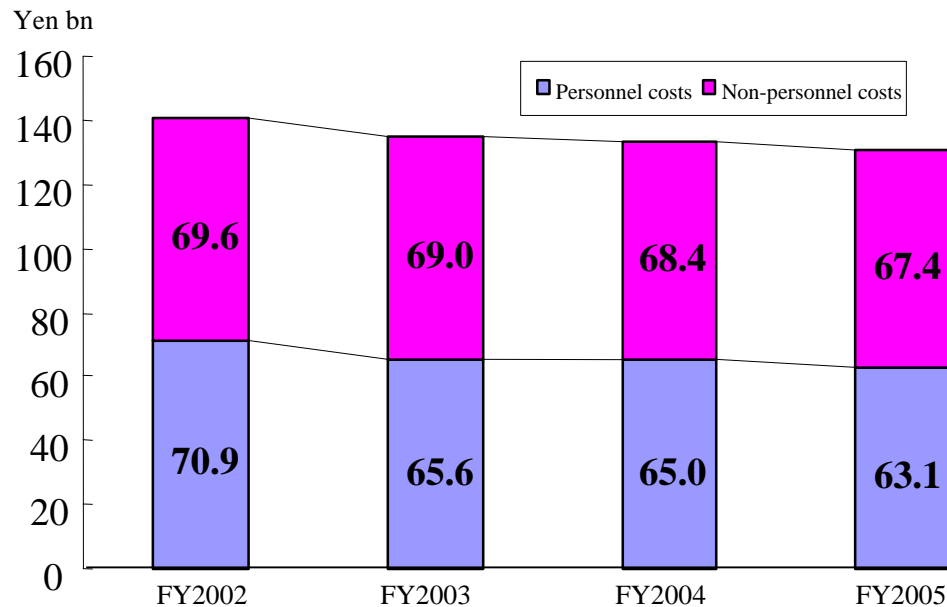
**Introduce earnings control for sales outlets**

Eliminate structural duplication, cut processes by 25%

## II. New Medium Term Plans

### 5. Streamlining Operating Expenses

Plan to streamline operating expenses



**Reform of various systems in response to changing environment:**

‘Restructuring without fear or favor’

- Review of director reward/pay structure
- Integration of admin center/outsourcing
- Establishment of ‘Resource Allocation Committee’ to strengthen expense verification



**Drastic streamlining through administrative & sales reform**

**Benefits from FY2005**

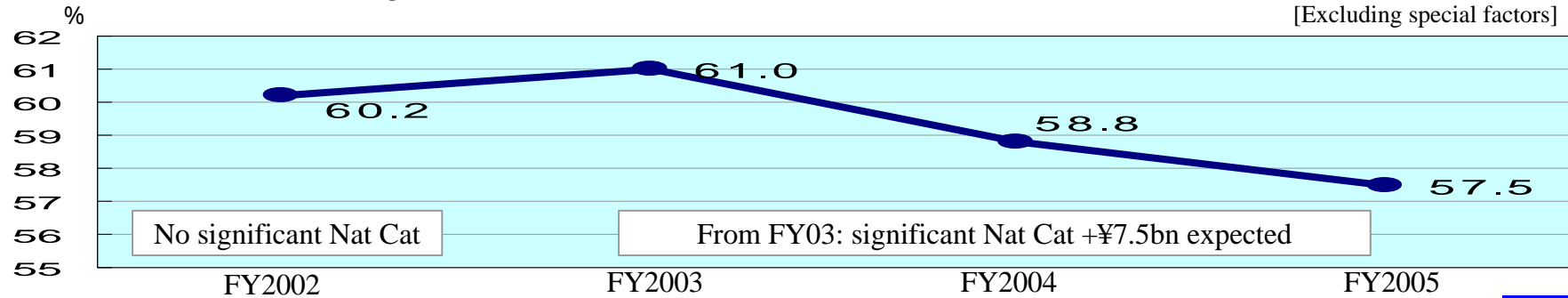
|   | FY2002 |       | FY2003 |       | FY2004 |       | FY2005 |       | FY2002-2005 |          |
|---|--------|-------|--------|-------|--------|-------|--------|-------|-------------|----------|
|   | Value  | Ratio | Value  | Ratio | Value  | Ratio | Value  | Ratio | Change      | Change % |
| Personnel costs                               | 76.9   | 9.9%  | 71.6   | 9.2%  | 71.8   | 9.0%  | 70.7   | 8.7%  | -0.6        | -8.1%    |
| of which trainee/sales staff                  | 6.0    | -     | 6.0    | -     | 6.8    | -     | 7.6    | -     | 0.2         | 26.7%    |
| Non-personnel costs                           | 69.6   | 9.0%  | 69.0   | 8.9%  | 68.4   | 8.7%  | 67.4   | 8.3%  | -0.2        | -3.2%    |
| of which systems                              | 21.6   | -     | 21.2   | -     | 19.9   | -     | 18.4   | -     | -0.3        | -14.8%   |
| SG&A costs relating to insurance underwriting | 146.5  | 19.0% | 140.7  | 18.1% | 140.1  | 17.6% | 138.1  | 16.9% | -0.8        | -5.7%    |
| Net operating costs                           | 293.3  | 37.9% | 284.4  | 36.5% | 284.6  | 35.8% | 285.7  | 35.0% | -0.8        | -2.6%    |

Note: non-personnel costs include donations, burden charges, taxes

## II. New Medium Term Plans

### 6. Improving the Loss Ratio

Overall Loss Ratio Target

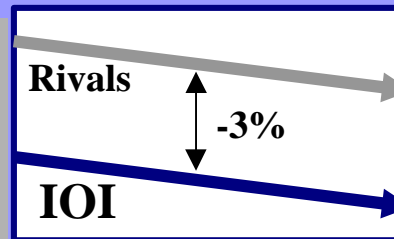


#### Continued motor loss improvement

- Strengthened underwriting
- Increased revenues/lower charges by promoting introduction of damaged cars to dealer/repair networks
- Industry first all-class general loss service system 'Symphony' enables total control and rapid payment

#### Industry best loss ratio maintained

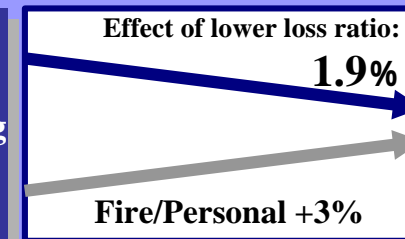
Motor loss ratio beats rivals by 3%



#### Product portfolio improvement

- Greater multi-product sales through platform products
- Develop/bolster fire channels (financial, housing etc.)
- Develop 3rd sector products through introduction of personal insurance specialist contract sales staff system

Fire/Personal Premium Weighting +3%



Overall Loss Ratio Improvement

## II. New Medium Term Plans

### 7. Strengthening Asset Management Capability

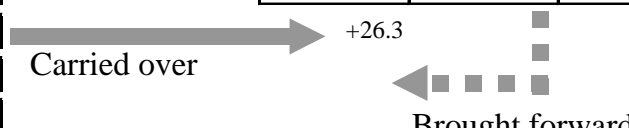
#### Enhance asset portfolio

Significantly reduce strategic shareholdings

Cut back or eliminate inefficient/non-performing assets

Plans to cut strategic holdings brought forward

|                    |            | (Book value base; Yen bn) |        |        |        |
|--------------------|------------|---------------------------|--------|--------|--------|
|                    |            | FY2002                    | FY2003 | FY2004 | FY2005 |
| Planned Reduction  |            | 40                        | 40     | 40     | 40     |
| Implemented        | (112 cos.) | 13.7                      |        |        |        |
| Period End Balance |            | 465.8                     |        |        |        |
| To be Implemented  | (53 cos.)  | 31.8                      |        |        |        |



#### Strengthen asset management capability

Build stable income base through diversified investment style/methodology

Strengthen capability through alliance with Toyota Asset Management

Establish a risk-based income structure

#### Promote rigorous risk management & ALM

Strengthen ALM in response to across-the-board introduction of CVA

Comprehensive risk management focused on risk capital allocation

Grow income relative to risk through efficient use of capital

## II. New Medium Term Plans

### 8. Developing the Life Operation

#### FY2002 Earnings: Key Points

|                          | FY2001     | FY2002     |
|--------------------------|------------|------------|
| <b>New Policies</b>      | ¥655.5bn   | ¥694.4bn   |
| <b>Policies in Force</b> | ¥2,793.2bn | ¥3,050.3bn |
| Personal / Pensions      |            |            |
| <b>Ordinary Income</b>   | ¥53.6bn    | ¥62.9bn    |
| <b>Premium Income</b>    | ¥50.7bn    | ¥58.4bn    |
| <b>Ordinary Expense</b>  | ¥52.5bn    | ¥60.7bn    |
| <b>Ordinary Profit</b>   | ¥1bn       | ¥2.2bn     |
| <b>Net Profit</b>        | (¥0.07bn)  | ¥1.5bn     |

**Profit achieved on a single year basis**

**Article 113 amortization of deferred assets implemented**

**Cumulative loss from startup eliminated**

#### Medium Term Plan

|  | FY2003     | FY2004     | FY2005            | 2002 - 2005    |
|--|------------|------------|-------------------|----------------|
|  | ¥865.0bn   | ¥900.0bn   | <b>¥900.0bn</b>   | <b>+ 29.6%</b> |
|  | ¥3,462.0bn | ¥3,895.0bn | <b>¥4,283.0bn</b> | <b>+ 40.4%</b> |
|  | ¥65.9bn    | ¥71.0bn    | <b>¥76.5bn</b>    | <b>+ 21.6%</b> |
|  | ¥62.4bn    | ¥67.0bn    | <b>¥72.0bn</b>    | <b>+ 23.3%</b> |
|  | ¥63.7bn    | ¥67.5bn    | <b>¥71.5bn</b>    | <b>+ 17.8%</b> |

**Accelerated accumulation of liability reserves and securing of stable profits going forward**

**Growth into stand-alone profitable operation**

< Strengthen sales structure >

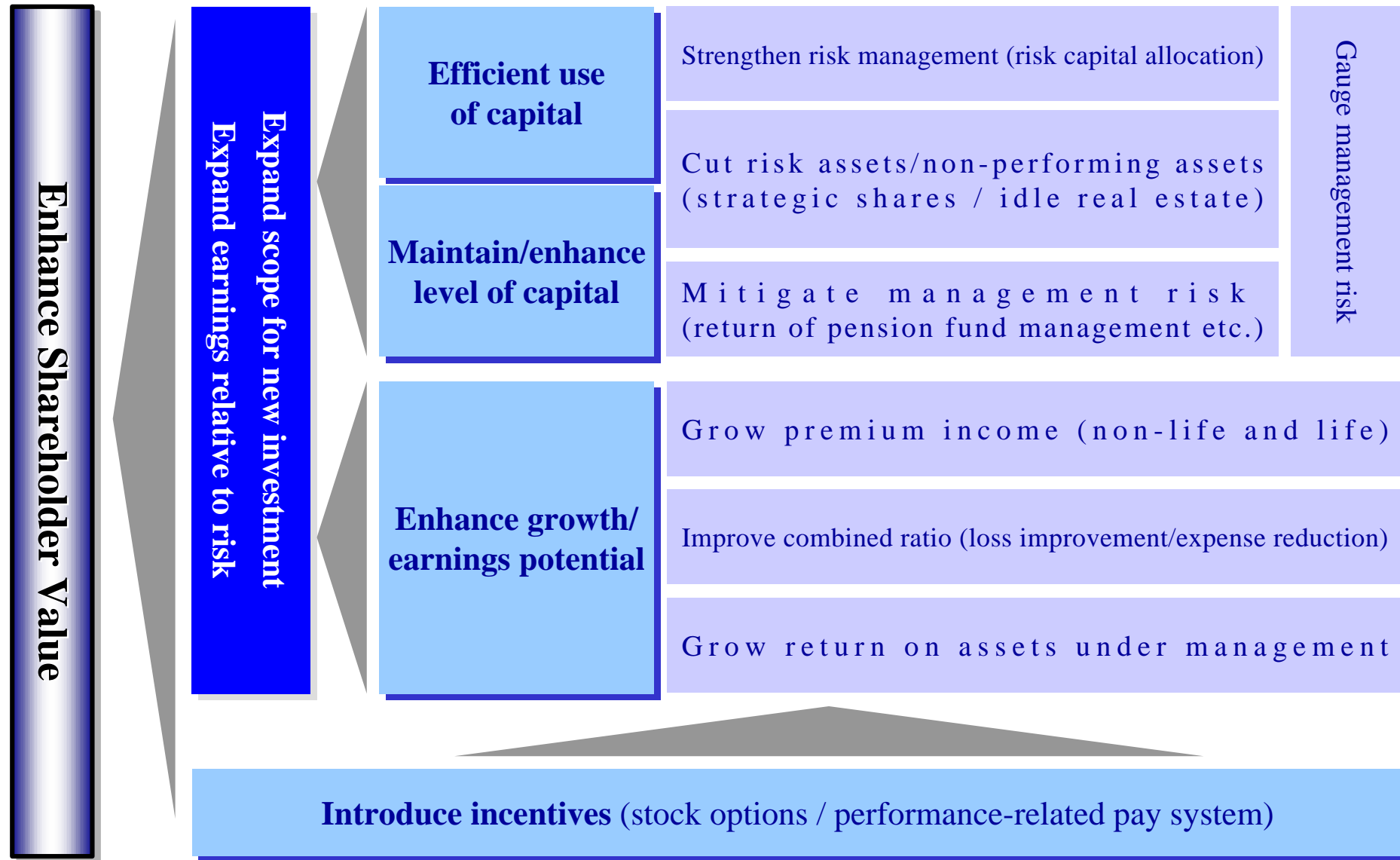
**FY03: 60 full-time staff allocated**

< Prevent policy lapses/cancellations >

**Strengthen customer follow-up activities**

## II. New Medium Term Plans

### 9. Enhancing Shareholder Value



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This presentation contains statements relating to future performance, which entail certain risks and uncertainties.

You should bear in mind that future performance, management policy or strategy could be subject to alteration or fluctuation due to changes in the external environment.

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## FY2002 Earnings Data

|   |    |
|---|----|
| 1. FY2002 Earnings Summary .....                    | P1 |
| 2. Direct Net Premiums by Class .....               | P2 |
| 3. Net Premiums by Class .....                      | P2 |
| 4. Net Claims Paid by Class .....                   | P2 |
| (Point 2.-4. excluding Special Factors) .....       | P3 |
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| 8. Catastrophe Reserves .....                       | P5 |
| 9. Asset Evaluation (Loans) .....                   | P6 |
| 10. Aioi Life Earnings Summary .....                | P7 |

### 1. FY2002 Earnings Summary

|  | FY2001         | FY2002      | Change       | YoY %     | Key Points   |
|--|----------------|-------------|--------------|-----------|--|
| 1. Net Premiums                              | 777.3          | 836.8       | 59.4         | 7.7       | Domestic direct motor -¥4.2bn YoY (-0.9%), Fortress Re + ¥14.3bn YoY<br>Impact of abolition of gvt CALI reinsurance scheme: + ¥48.3bn<br>Domestic direct motor -¥15.2bn YoY<br>Personnel costs -¥1.2bn, non-personnel etc -¥2.5bn, fees etc -¥3.6bn<br>Fortress Re reserve -¥28.2bn (¥88.4bn o/s), domestic direct motor -¥3.6bn<br>Yen appreciation since FY01 close, forex loss offset by decrease in reserves<br>YoY increase due to abolition of gvt CALI reinsurance scheme<br>Motor reserve at period end ¥78.8bn (+16.1%) |
| 2. Net Claims Paid                           | 480.2          | 463.6       | (16.6)       | -3.5      |  |
| 3. Loss Adjusting Expenses                   | 40.1           | 38.9        | (1.2)        | -3.1      |  |
| 4. Net Operating Expenses                    | 302.6          | 295.2       | (7.3)        | -2.4      |  |
| Operating Balance                            | (45.7)         | 38.9        | 84.7         | -         |  |
| 5. Increase in Reserve                       | 119.6          | (28.5)      | (148.1)      |           |  |
| 6. Forex Differential                        | 3.5            | (10.8)      | (14.4)       |           |  |
| 7. Increase in CALI Reserve                  | (7.8)          | 40.7        | 48.5         |           |  |
| 8. Increase in CAT Reserve                   | (35.4)         | 11.9        | 47.3         |           |  |
| <b>Underwriting Profit</b>                   | <b>(127.4)</b> | <b>7.3</b>  | <b>134.8</b> | <b>-</b>  |  |
| Profit/loss on assets under management       | 43.3           | 19.3        | (24.0)       |           |  |
| (of which interest/dividend income)          | ( 46.4 )       | ( 40.3 )    | ( 6.0 )      | ( -13.1 ) |  |
| (of which profit/loss on sale of securities) | ( 36.1 )       | ( 36.3 )    | ( 0.2 )      |           |  |
| (of which appraisal loss on securities)      | ( 10.2 )       | ( 30.2 )    | ( 19.9 )     |           |  |
| <b>Recurring Profit</b>                      | <b>(92.1)</b>  | <b>20.3</b> | <b>112.4</b> | <b>-</b>  |  |
| Extraordinary Profit                         | 26.7           | 14.7        | (12.0)       |           |  |
| Extraordinary Loss                           | 64.9           | 14.4        | (50.5)       |           |  |
| <b>Net Profit</b>                            | <b>(83.4)</b>  | <b>10.3</b> | <b>93.7</b>  | <b>-</b>  |  |

|  | Last FY | This FY  |
|--|---------|--|
| Refund from retirement benefit provision | ¥11.2bn | Profit on return of employee pension fund management to state ¥7.5bn |
| Refund from price fluctuation reserve    | ¥9.5bn  | Merger costs relating to systems integration ¥10.4bn                 |
| Stock appraisal loss                     | ¥41bn   |  |
| Merger costs                             | ¥21bn   |  |

|                          | FY2001  | FY2002            | Change |
|--------------------------|---------|-------------------|--------|
| FY02: shares             | ¥25.2bn | ¥7.4bn            |        |
| FY02: foreign securities | ¥28.8bn | (3 banks ¥10.3bn) |        |

(Ratios)

|                            | FY2001 | FY2002 | Change |
|----------------------------|--------|--------|--------|
| Net Premium Increase Ratio | -1.9%  | 7.7%   | 9.6%   |
| Net Loss Ratio             | 67.0%  | 60.1%  | -6.9%  |
| Net Expense Ratio          | 38.9%  | 35.3%  | -3.6%  |
| Combined Ratio             | 105.9% | 95.3%  | -10.6% |
| Income/Outgo Balance Ratio | -5.9%  | 4.7%   | 10.6%  |

(Ratios excluding Special Factors)

|                            | FY2001 | FY2002 | Change |
|----------------------------|--------|--------|--------|
| Net Premium Increase Ratio | -1.2%  | -0.4%  | 0.8%   |
| Net Loss Ratio             | 62.9%  | 60.2%  | -2.7%  |
| Net Expense Ratio          | 38.1%  | 37.9%  | -0.2%  |
| Combined Ratio             | 101.0% | 98.2%  | -2.8%  |
| Income/Outgo Balance Ratio | -1.0%  | 1.8%   | 2.8%   |

Financial Data

|                            | FY2001  | FY2002  | Change |
|----------------------------|---------|---------|--------|
| Total Assets               | 2,663.4 | 2,496.3 | -167.1 |
| Net Worth                  | 394.3   | 308.8   | -85.5  |
| Extraordinary Loss Reserve | 172.5   | 184.4   | 11.9   |
| Solvency Margin            | 783.0%  | 683.4%  | -99.6% |

Breakdown of Special Factors

|   | FY2001                | FY2002 |
|---|-----------------------|--------|
| Abolition of gvt CALI reinsurance scheme      | Net Premiums -        | 48.3   |
|   | Net Claims Paid -     | 0.6    |
| Reinsurance contracts underwritten through FR | Net Premiums 0.8      | 15.2   |
|   | Net Claims Paid 32.2  | 36.2   |
|   | Net Expense Ratio 6.7 | 1.9    |

2. Direct Net Premiums by Class

(Units: Yen million, %)

| Class \ FY | FY2000  |          | FY2001  |          | FY2002  |          | FY2003 Forecast |          |
|------------|---------|----------|---------|----------|---------|----------|-----------------|----------|
|            |         | Change % |         | Change % |         | Change % |                 | Change % |
| Fire       | 99,363  | -8.3     | 93,555  | -5.8     | 92,817  | -0.8     | 97,000          | 4.5      |
| Marine     | 5,416   | -0.2     | 5,019   | -7.3     | 4,991   | -0.6     | 4,500           | -9.9     |
| Casualty   | 59,125  | -5.3     | 52,048  | -12.0    | 50,081  | -3.8     | 53,500          | 6.8      |
| Motor      | 484,393 | 0.0      | 481,018 | -0.7     | 476,841 | -0.9     | 478,100         | 0.3      |
| CALI       | 145,774 | 0.0      | 141,134 | -3.2     | 170,681 | 20.9     | 174,400         | 2.2      |
| Other      | 63,526  | 8.7      | 66,353  | 4.4      | 69,164  | 4.2      | 70,500          | 1.9      |
| TOTAL      | 857,599 | -0.8     | 839,130 | -2.2     | 864,579 | 3.0      | 878,000         | 1.6      |

3. Net Premiums by Class

(Units: Yen million, %)

| Class \ FY | FY2000  |          | FY2001  |          | FY2002  |          | FY2003 Forecast |          |
|------------|---------|----------|---------|----------|---------|----------|-----------------|----------|
|            |         | Change % |         | Change % |         | Change % |                 | Change % |
| Fire       | 99,087  | -13.3    | 91,027  | -8.1     | 81,042  | -11.0    | 83,900          | 3.5      |
| Marine     | 5,411   | -3.0     | 5,343   | -1.3     | 5,224   | -2.2     | 4,500           | -13.9    |
| Casualty   | 57,455  | -5.7     | 51,867  | -9.7     | 49,887  | -3.8     | 52,800          | 5.8      |
| Motor      | 489,798 | 0.0      | 488,179 | -0.3     | 490,025 | 0.4      | 485,600         | -0.9     |
| CALI       | 81,156  | 0.4      | 78,548  | -3.2     | 131,531 | 67.5     | 155,700         | 18.4     |
| Other      | 59,851  | 8.2      | 62,394  | 4.3      | 79,128  | 26.8     | 71,500          | -9.6     |
| TOTAL      | 792,760 | -1.7     | 777,361 | -1.9     | 836,841 | 7.7      | 854,000         | 2.1      |

4. Net Claims Paid by Class

(Units: Yen million, %)

| Class \ FY | FY2000  |            |        | FY2001  |            |        | FY2002  |            |        | FY2003 Forecast |            |        |
|------------|---------|------------|--------|---------|------------|--------|---------|------------|--------|-----------------|------------|--------|
|            |         | Loss Ratio | Change |         | Loss Ratio | Change |         | Loss Ratio | Change |                 | Loss Ratio | Change |
| Fire       | 42,038  | 44.3       | 3.3    | 77,182  | 86.8       | 42.5   | 37,188  | 48.2       | -38.6  | 44,500          | 55.6       | 7.4    |
| Marine     | 3,466   | 67.1       | -12.6  | 3,874   | 77.3       | 10.2   | 2,711   | 55.0       | -22.3  | 3,800           | 88.7       | 33.7   |
| Casualty   | 24,395  | 46.5       | 2.8    | 20,186  | 43.7       | -2.8   | 18,767  | 42.8       | -0.9   | 18,700          | 40.0       | -2.8   |
| Motor      | 309,246 | 67.6       | 4.0    | 286,134 | 63.5       | -4.1   | 273,352 | 60.4       | -3.1   | 275,600         | 61.2       | 0.8    |
| CALI       | 50,645  | 73.5       | 2.9    | 49,354  | 73.6       | 0.1    | 51,236  | 45.0       | -28.6  | 64,200          | 46.0       | 1.0    |
| Other      | 38,109  | 67.6       | -0.9   | 43,555  | 74.8       | 7.2    | 80,400  | 106.1      | 31.3   | 84,200          | 122.7      | 16.6   |
| TOTAL      | 467,902 | 63.7       | 3.7    | 480,287 | 67.0       | 3.3    | 463,655 | 60.1       | -6.9   | 491,000         | 61.8       | 1.7    |

NB: Net Loss Ratio (%) = (net claims paid + loss adjusting expenses) ÷ net premium income

2. Direct Net Premiums by Class

This data excludes the impact of abolition of the gvt CALI reinsurance scheme and Fortress Re.

**Excl. Special Factors**

| Class \ FY   | FY2000         |             | FY2001         |             | FY2002         |            |
|--------------|----------------|-------------|----------------|-------------|----------------|------------|
|              |                | Change %    |                | Change %    |                | Change %   |
| Fire         | 99,363         | -8.3        | 93,555         | -5.8        | 92,817         | -0.8       |
| Marine       | 5,416          | -0.2        | 5,019          | -7.3        | 4,991          | -0.6       |
| Casualty     | 59,125         | -5.3        | 52,048         | -12.0       | 50,081         | -3.8       |
| Motor        | 484,393        | 0.0         | 481,018        | -0.7        | 476,841        | -0.9       |
| CALI         | 145,774        | 0.0         | 141,134        | -3.2        | 170,681        | 20.9       |
| Other        | 63,526         | 8.7         | 66,353         | 4.4         | 69,164         | 4.2        |
| <b>TOTAL</b> | <b>857,599</b> | <b>-0.8</b> | <b>839,130</b> | <b>-2.2</b> | <b>864,579</b> | <b>3.0</b> |

(Units: Yen million, %)

| FY2003 Forecast |            |
|-----------------|------------|
|                 | Change %   |
| 97,000          | 4.5        |
| 4,500           | -9.9       |
| 53,500          | 6.8        |
| 478,100         | 0.3        |
| 174,400         | 2.2        |
| 70,500          | 1.9        |
| <b>878,000</b>  | <b>1.6</b> |

3. Net Premiums by Class

| Class \ FY   | FY2000         |             | FY2001         |             | FY2002         |             |
|--------------|----------------|-------------|----------------|-------------|----------------|-------------|
|              |                | Change %    |                | Change %    |                | Change %    |
| Fire         | 92,564         | -10.2       | 91,027         | -1.7        | 81,042         | -11.0       |
| Marine       | 5,411          | -3.0        | 5,343          | -1.3        | 5,224          | -2.2        |
| Casualty     | 57,455         | -5.7        | 51,867         | -9.7        | 49,887         | -3.8        |
| Motor        | 489,798        | 0.0         | 488,179        | -0.3        | 490,025        | 0.4         |
| CALI         | 81,156         | 0.4         | 78,548         | -3.2        | 83,180         | 5.9         |
| Other        | 59,851         | 8.2         | 61,502         | 2.8         | 63,852         | 3.8         |
| <b>TOTAL</b> | <b>786,237</b> | <b>-1.2</b> | <b>776,468</b> | <b>-1.2</b> | <b>773,213</b> | <b>-0.4</b> |

(Units: Yen million, %)

| FY2003 Forecast |            |
|-----------------|------------|
|                 | Change %   |
| 83,900          | 3.5        |
| 4,500           | -13.9      |
| 52,800          | 5.8        |
| 485,600         | -0.9       |
| 87,800          | 5.6        |
| 64,400          | 0.9        |
| <b>779,000</b>  | <b>0.7</b> |

4. Net Claims Paid by Class

| Class \ FY   | FY2000         |             |            | FY2001         |             |             | FY2002         |             |             |
|--------------|----------------|-------------|------------|----------------|-------------|-------------|----------------|-------------|-------------|
|              | Loss Ratio     | Change      |            | Loss Ratio     | Change      |             | Loss Ratio     | Change      |             |
| Fire         | 42,046         | 47.5        | 2.0        | 44,897         | 51.3        | 3.8         | 37,188         | 48.2        | -3.1        |
| Marine       | 3,466          | 67.1        | -12.6      | 3,874          | 77.3        | 10.2        | 2,711          | 55.0        | -22.3       |
| Casualty     | 24,395         | 46.5        | 2.8        | 20,186         | 43.7        | -2.8        | 18,767         | 42.8        | -0.9        |
| Motor        | 309,246        | 67.6        | 4.0        | 286,134        | 63.5        | -4.1        | 273,352        | 60.4        | -3.1        |
| CALI         | 50,645         | 73.5        | 2.9        | 49,354         | 73.6        | 0.1         | 50,630         | 70.5        | -3.1        |
| Other        | 38,109         | 67.6        | -0.9       | 43,546         | 75.8        | 8.2         | 44,144         | 74.7        | -1.1        |
| <b>TOTAL</b> | <b>467,910</b> | <b>64.3</b> | <b>3.4</b> | <b>447,994</b> | <b>62.9</b> | <b>-1.4</b> | <b>426,794</b> | <b>60.2</b> | <b>-2.7</b> |

(Units: Yen million, %)

| FY2003 Forecast |             |            |
|-----------------|-------------|------------|
|                 | Loss Ratio  | Change     |
| 44,500          | 55.6        | 7.4        |
| 3,800           | 88.7        | 33.7       |
| 18,700          | 40.0        | -2.8       |
| 275,600         | 61.2        | 0.8        |
| 49,500          | 64.8        | -5.7       |
| 45,800          | 76.6        | 1.9        |
| <b>437,900</b>  | <b>61.0</b> | <b>0.8</b> |

NB: Net Loss Ratio (%) = (net claims paid + loss adjusting expenses) ÷ net premium income

**5. Inwards Reinsurance Premiums by Class**

(Units: Yen million, %)

| Class \ FY   | FY2000        |             | FY2001        |            | FY2002         |             |
|--------------|---------------|-------------|---------------|------------|----------------|-------------|
|              |               | Change %    |               | Change %   |                | Change %    |
| Fire         | 25,649        | -17.1       | 22,855        | -10.9      | 14,710         | -35.6       |
| Marine       | 1,672         | -13.1       | 1,705         | 2.0        | 1,490          | -12.6       |
| Casualty     | 85            | -37.4       | 752           | 774.8      | 289            | -61.5       |
| Motor        | 12,333        | 14.0        | 14,554        | 18.0       | 19,234         | 32.2        |
| CALI         | 38,882        | 1.3         | 37,578        | -3.4       | 92,855         | 147.1       |
| Other        | 4,162         | 4.9         | 10,143        | 143.7      | 31,994         | 215.4       |
| <b>TOTAL</b> | <b>82,785</b> | <b>-3.9</b> | <b>87,590</b> | <b>5.8</b> | <b>160,575</b> | <b>83.3</b> |

| FY2003 Forecast |             |
|-----------------|-------------|
|                 | Change %    |
| 13,600          | -7.6        |
| 1,300           | -12.8       |
| 100             | -65.4       |
| 13,600          | -29.3       |
| 115,000         | 23.8        |
| 16,700          | -47.8       |
| <b>160,300</b>  | <b>-0.2</b> |

**6. Net Claims on Inwards Reinsurance by Class**

(Units: Yen million, %)

| Class \ FY   | FY2000        |             |            | FY2001         |              |             | FY2002         |             |              |
|--------------|---------------|-------------|------------|----------------|--------------|-------------|----------------|-------------|--------------|
|              |               | Loss Ratio  | Change     |                | Loss Ratio   | Change      |                | Loss Ratio  | Change       |
| Fire         | 17,861        | 69.6        | 9.7        | 55,143         | 241.3        | 171.7       | 16,702         | 113.5       | -127.8       |
| Marine       | 1,741         | 104.1       | -9.1       | 1,825          | 107.0        | 2.9         | 1,483          | 99.5        | -7.5         |
| Casualty     | 29            | 34.8        | -33.6      | 165            | 22.1         | -12.7       | 294            | 101.9       | 79.8         |
| Motor        | 8,132         | 65.9        | 4.3        | 10,419         | 71.6         | 5.7         | 12,966         | 67.4        | -4.2         |
| CALI         | 50,645        | 130.3       | 2.4        | 49,354         | 131.3        | 1.0         | 51,236         | 55.2        | -76.1        |
| Other        | 3,176         | 76.3        | -13.9      | 3,966          | 39.1         | -37.2       | 40,558         | 126.8       | 87.7         |
| <b>TOTAL</b> | <b>81,588</b> | <b>98.6</b> | <b>5.6</b> | <b>120,874</b> | <b>138.0</b> | <b>39.4</b> | <b>123,242</b> | <b>76.8</b> | <b>-61.2</b> |

| FY2003 Forecast |             |            |
|-----------------|-------------|------------|
|                 | Loss Ratio  | Change     |
| 15,100          | 111.0       | -2.5       |
| 1,900           | 146.2       | 46.7       |
| 100             | 100.0       | -1.9       |
| 13,100          | 96.3        | 28.9       |
| 64,200          | 55.8        | 0.6        |
| 41,400          | 247.9       | 121.1      |
| <b>135,800</b>  | <b>84.7</b> | <b>7.9</b> |

7. Breakdown of Net Operating Expenses

(Units: Yen million, %)

|  |               | FY2000               |              |                | FY2001               |            |                | FY2002               |              |                | FY2003 Forecast      |              |                |
|--|---------------|----------------------|--------------|----------------|----------------------|------------|----------------|----------------------|--------------|----------------|----------------------|--------------|----------------|
|  |               |                      | Change %     | % of Premium   |                      | Change %   | % of Premium   |                      | Change %     | % of Premium   |                      | Change %     | % of Premium   |
| Loss Adjusting +   | Personnel     | 107,363              | -3.0         | 13.5           | 104,252              | -2.9       | 13.4           | 102,543              | -1.6         | 12.3           | 96,400               | -6.0         | 11.3           |
|  | Non-Personnel | 83,018               | -3.8         | 10.5           | 83,763               | 0.9        | 10.8           | 80,708               | -3.6         | 9.6            | 78,900               | -2.2         | 9.2            |
| Op. Expenses & SG&A  | Tax etc.      | 11,655               | 0.7          | 1.5            | 11,310               | -3.0       | 1.5            | 10,813               | -4.4         | 1.3            | 11,000               | 1.7          | 1.3            |
|  | TOTAL         | 202,036              | -3.1         | 25.5           | 199,326              | -1.3       | 25.6           | 194,065              | -2.6         | 23.2           | 186,300              | -4.0         | 21.8           |
| Operating expenses and SG&A relating to insurance underwriting |               | 155,063              | -3.8         | 19.6           | 150,247              | -3.1       | 19.3           | 146,539              | -2.5         | 17.5           | 140,700              | -4.0         | 16.5           |
| Various fees and collection costs                              |               | 144,238              | -4.1         | 18.2           | 152,423              | 5.7        | 19.6           | 148,746              | -2.4         | 17.8           | 144,300              | -3.0         | 16.9           |
| Operating Expenses   |               | 299,301<br>(295,989) | -4.0<br>-3.7 | 37.8<br>(37.6) | 302,670<br>(295,912) | 1.1<br>0.0 | 38.9<br>(38.1) | 295,286<br>(293,316) | -2.4<br>-0.9 | 35.3<br>(37.9) | 285,000<br>(284,400) | -3.5<br>-3.0 | 33.4<br>(36.5) |

NB: Figures in brackets exclude Special Factors (abolition of gvt CALI reinsurance & Fortress Re related impact)

8. Catastrophe Reserves

(Units: Yen million, %)

| FY Class | FY2000          |         | FY2001          |         | FY2002          |        |
|----------|-----------------|---------|-----------------|---------|-----------------|--------|
|          | (% of premium)  | Change  | (% of premium)  | Change  | (% of premium)  | Change |
| Fire     | 90,209 ( 91.0)  | 3,910   | 59,075 ( 64.9)  | -31,134 | 61,359 ( 75.7)  | 2,283  |
| Marine   | 4,173 ( 77.1)   | 60      | 3,775 ( 70.6)   | -398    | 3,941 ( 75.4)   | 166    |
| Casualty | 25,535 ( 44.4)  | 2       | 25,585 ( 49.3)  | 49      | 25,549 ( 51.2)  | -35    |
| Motor    | 69,055 ( 14.1)  | -19,041 | 67,228 ( 13.8)  | -1,827  | 78,889 ( 16.1)  | 11,661 |
| Other    | 19,014 ( 31.8)  | 657     | 16,848 ( 27.0)  | -2,165  | 14,695 ( 18.6)  | -2,153 |
| TOTAL    | 207,989 ( 29.2) | -14,410 | 172,512 ( 24.7) | -35,476 | 184,435 ( 26.1) | 11,922 |

**9. Asset Evaluation (Loans)**

(Units: Yen million, %)

|                             | FY2001  | (Weighting) | FY2002  | (Weighting) | Change  | (Weighting) |
|-----------------------------|---------|-------------|---------|-------------|---------|-------------|
| TOTAL                       | 399,193 | ( 100.0)    | 364,359 | ( 100.0)    | -34,833 | ( -)        |
| Total non-classified assets | 364,603 | ( 91.3)     | 334,289 | ( 91.7)     | -30,314 | ( +0.4)     |
| Total classified assets     | 34,589  | ( 8.7)      | 30,070  | ( 8.3)      | -4,519  | ( -0.4)     |
| Class II                    | 24,015  | ( 6.0)      | 18,539  | ( 5.1)      | -5,475  | ( -0.9)     |
| Class III                   | 9,052   | ( 2.3)      | 10,006  | ( 2.7)      | 953     | ( +0.4)     |
| Class IV                    | 1,521   | ( 0.4)      | 1,523   | ( 0.4)      | 2       | ( -)        |

## 10. Aioi Life Earnings Summary

(Unit: Yen million)

|                                  | FY2001 | FY2002 | Change | YoY %  |
|----------------------------------|--------|--------|--------|--------|
| Ordinary Income                  | 53,610 | 62,995 | 9,385  | 17.5%  |
| Premium income etc.              | 50,772 | 58,452 | 7,679  | 15.1%  |
| Return on managed assets         | 2,528  | 4,185  | 1,656  | 65.5%  |
| Other ordinary income            | 309    | 358    | 49     | 16.0%  |
| Ordinary Expense                 | 52,564 | 60,770 | 8,206  | 15.6%  |
| Claims / pension / benefits      | 6,353  | 7,549  | 1,196  | 18.8%  |
| Cancellation refunds             | 8,254  | 9,472  | 1,217  | 14.7%  |
| Other refunds                    | 138    | 178    | 40     | 29.1%  |
| Reinsurance premiums             | 702    | 733    | 30     | 4.4%   |
| Transfer to policy reserve       | 25,383 | 30,279 | 4,896  | 19.3%  |
| Asset management costs           | 407    | 32     | -374   | -92.1% |
| Operating expenses               | 10,125 | 10,235 | 109    | 1.1%   |
| Other ordinary expenses          | 1,199  | 2,289  | 1,090  | 90.9%  |
| Ordinary Profit                  | 1,045  | 2,225  | 1,179  | 112.8% |
| Extraordinary profit / loss      | -1,274 | -35    | 1,238  |        |
| Transfer to dividend reserve     | 635    | 675    | 39     | 6.2%   |
| Pretax profit for the period     | -864   | 1,514  | 2,378  |        |
| Income taxes etc.                | -788   | -45    | 743    |        |
| Net Profit                       | -75    | 1,559  | 1,634  |        |
| Retained earnings for the period | -2,514 | -954   |        |        |
| Outstanding capital reserve      | 954    | 954    |        |        |