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# FINANCIAL SUMMARY

(For the Fiscal Year Ended March 31, 2008)

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

May 19, 2008

Name of Company: **T&D Holdings, Inc.**
Stock Listings: Tokyo, Osaka
Security Code No.: 8795
Head Office: Tokyo, Japan
URL: http://www.td-holdings.co.jp/e/
Date of Ordinary General Meeting of Shareholders: June 26, 2008
Projected Filling Date of Securities Report: June 26, 2008
Projected Starting Date of Dividend Distribution: June 27, 2008

3-31-08 AA/S

## 1. *Consolidated Operating Results for the Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)*

(1) Results of Operations

*Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.*

| | Ordinary Revenues | % change | Ordinary Profit | % change | Net Income | % change |
|---|---|---|---|---|---|---|
| FY2007 ended March 31, 2008 | ¥2,330,071 million | 1.9 | ¥155,712 million | (1.6) | ¥36,749 million | (5.2) |
| FY2006 ended March 31, 2007 | ¥2,286,034 million | (6.5) | ¥158,172 million | 15.6 | ¥38,772 million | 9.1 |

| | Net Income per Share | Net Income per Share (Fully Diluted) | Ratio of Net Income to Equity | Ratio of Ordinary Profit to Total Assets | Ratio of Ordinary Profit to Ordinary Revenues |
|---|---|---|---|---|---|
| FY2007 ended March 31, 2008 | ¥149.24 | - | 4.2% | 1.1% | 6.7% |
| FY2006 ended March 31, 2007 | ¥157.45 | - | 3.6% | 1.1% | 6.9% |

*Note: Equity in net gain of affiliated companies: ¥39 million for the fiscal year ended March 31, 2008; ¥33 million for the fiscal year ended March 31, 2007*

(2) Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| As of March 31, 2008 | ¥13,366,056 million | ¥677,273 million | 5.1% | ¥2,743.16 |
| As of March 31, 2007 | ¥14,090,977 million | ¥1,090,229 million | 7.7% | ¥4,419.55 |

*Note: Equity: as of March 31, 2008: ¥675,453 million; as of March 31, 2007: ¥1,088,319 million*

(3) Results of Cash Flows

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at End of Term |
|---|---|---|---|---|
| FY2007 ended March 31, 2008 | ¥(64,130) million | ¥(160,287) million | ¥(4,609) million | ¥982,596 million |
| FY2006 ended March 31, 2007 | ¥144,312 million | ¥246,362 million | ¥(1,648) million | ¥1,217,045 million |

## 2. *Dividends*

| | Annual Dividends per Share | | | Dividends paid for the Year | Payout Ratio (Consolidated) | Dividends on Net Assets (Consolidated) |
|---|---|---|---|---|---|---|
| | | Interim | Year-End | | | |
| Year Ended March 31, 2007 | ¥65.00 | - | ¥65.00 | ¥16,006 million | 41.3% | 1.5% |
| Year Ended March 31, 2008 | ¥65.00 | - | ¥65.00 | ¥16,005 million | 43.6% | 1.8% |
| Year Ending March 31, 2009 (Forecast) | ¥65.00 | - | ¥65.00 | | 41.0% | |

## 3. *Consolidated Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

*Note: % changes are presented in comparison with the same term of the previous year.*

| | Ordinary Revenues | Ordinary Profit | Net Income | Net Income per Share |
|---|---|---|---|---|
| Half-Year ending Sep.30, 2008 | ¥1,080,000 million (5.1)% | ¥59,000 million (41.4)% | ¥20,000 million (39.5)% | ¥81.22 |
| Year ending March 31, 2009 | ¥2,100,000 million (9.9)% | ¥115,000 million (26.1)% | ¥39,000 million 6.1% | ¥158.39 |

### 4. *Others*

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): None

(2) Changes in Accounting Principle and Procedure and Changes in Presentation Method for Consolidated Financial Summary:

Changes due to the revision of accounting standards: Applicable

Changes due to other factors: None

*Note: Please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008."*

(3) Number of Outstanding Shares (Common Stock)

Number of outstanding shares including treasury stock at the end of the year: as of March 31, 2008: 246,330,000; as of March 31, 2007: 246,330,000

Number of treasury stock at the end of the year: as of March 31, 2008: 98,215; as of March 31, 2007: 78,848

*Note: Please refer to T&D Holdings' "Per Share Information" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008" about the number of shares used in the net income per share computations.*

**(Reference) Non-Consolidated Financial Summary**

### 1. *Non-Consolidated Operating Results for the Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)*

(1) Results of Operations

*Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.*

| | Operating Income | % change | Operating Profit | % change | Ordinary Profit | % change | Net Income | % change |
|---|---|---|---|---|---|---|---|---|
| FY2007 ended March 31, 2008 | ¥19,306 million | 17.7 | ¥16,411 million | 18.9 | ¥16,347 million | 18.2 | ¥16,166 million | 19.0 |
| FY2006 ended March 31, 2007 | ¥16,399 million | 20.2 | ¥13,802 million | 23.1 | ¥13,829 million | 25.8 | ¥13,588 million | 24.3 |

| | Net Income per Share | Net Income per Share (Fully Diluted) |
|---|---|---|
| FY2007 ended March 31, 2008 | ¥65.65 | - |
| FY2006 ended March 31, 2007 | ¥55.18 | - |

(2) Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| As of March 31, 2008 | ¥633,217 million | ¥591,549 million | 93.4% | ¥2,402.41 |
| As of March 31, 2007 | ¥632,016 million | ¥591,530 million | 93.6% | ¥2,402.14 |

*Note: Equity: as of March 31, 2008: ¥591,549 million; as of March 31, 2007: ¥591,530 million*

### 2. *Non-Consolidated Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

*Note: % changes are presented in comparison with the same term of the previous year.*

| | Operating Income | | Operating Profit | | Ordinary Profit | | Net Income | | Net Income per Share |
|---|---|---|---|---|---|---|---|---|---|
| Half-Year ending September 30, 2008 | ¥18,000 million | 1.6 % | ¥16,000 million | (1.0) % | ¥16,000 million | (0.8) % | ¥16,000 million | (0.3) % | ¥64.98 |
| Year ending March 31, 2009 | ¥20,000 million | 3.6 % | ¥16,000 million | (2.5) % | ¥16,000 million | (2.1) % | ¥16,000 million | (1.0) % | ¥64.98 |

***The above forecasts for the year ending March 31, 2009 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses. Please refer to T&D Holdings' "I. Results of Operations 4.Forecasts for the Year Ending March 31, 2009" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008" about consolidated forecasts and non-consolidated forecasts.***

# *I. Results of Operations*

## *1. Consolidated Results of Operations*

For the fiscal year ended March 31, 2008, ordinary revenues increased ¥44.0 billion, or 1.9 percent from the level of the same term of the previous fiscal year, to ¥2,330.0 billion, which was a total of income from insurance premiums of ¥1,613.1 billion (down 11.0 percent), investment income of ¥445.4 billion (up 9.3 percent), other ordinary income of ¥271.4 billion (up 305.4 percent) and others.

Ordinary expenses increased ¥46.4 billion, or 2.2 percent from the level of the same term of the previous fiscal year, to ¥2,174.3 billion, which was a total of insurance claims and other payments of ¥1,647.0 billion (up 1.0 percent), investment expenses of ¥241.9 billion (up 110.0 percent), operating expenses of ¥205.8 billion (down 1.5 percent), other ordinary expenses of ¥76.9 billion (down 2.3 percent).

As a result, ordinary profit decreased ¥2.4 billion, or 1.6 percent, to ¥155.7 billion. Ordinary profit decreased mainly due to an increase in investment expenses including devaluation losses on securities, although an increase in investment income including income from interest and dividends.

Extraordinary gains increased 167.3 percent, to ¥6.1 billion, and extraordinary losses increased 6.3 percent, to ¥37.5 billion. Extraordinary losses increased mainly due to provision for reserve for price fluctuations of ¥32.7 billion (up 7.1 percent).

After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, net income decreased ¥2.0 billion or 5.2 percent from the level of the same term of the previous fiscal year, to ¥36.7 billion.

## *2. Consolidated Financial Position*

### (1) Balance Sheets

As of March 31, 2008, total assets amounted to ¥13,366.0 billion (down 5.1 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥9,244.5 billion (down 6.3 percent), loans of ¥2,363.4 billion (down 2.8 percent), monetary claims purchased of ¥430.5 billion (down 4.4 percent), tangible fixed assets of ¥309.2 billion (down 2.6 percent), cash and deposits of ¥308.4 billion (down 26.5 percent) and call loans of ¥279.8 billion (down 17.9 percent).

Total liabilities were ¥12,688.7 billion (down 2.4 percent), and policy reserves accounting for a substantial portion of them amounted to ¥12,137.7 billion (down 1.7 percent).

Total net assets were ¥677.2 billion (down 37.9 percent), of which net unrealized gains on securities was ¥246.8 billion (down 63.7 percent).

### (2) Cash Flows

Cash flows for the fiscal year ended March 31, 2008, were as follows.

Net cash used in operating activities was ¥64.1 billion, up ¥208.4 billion in expenditure compared with the revenue of ¥144.3 billion recorded in the previous fiscal year. This was mainly due to a decrease in income from insurance premiums and an increase in insurance claims

and other payments.

Net cash used in investing activities was ¥160.2 billion, up ¥406.6 billion in expenditure compared with the revenue of ¥246.3 billion recorded in the previous fiscal year. This was mainly due to an increase in purchases of securities.

Net cash used in financing activities was ¥4.6 billion, up ¥2.9 billion from the level of the previous fiscal year. This was mainly due to an increase in dividends paid.

As a result, cash and cash equivalents as of March 31, 2008 totaled ¥982.5 billion, down ¥234.4 billion from the beginning of the fiscal year.

### (3) Equity Ratio and Market Capitalization Ratio

| | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Equity ratio ((Equity / Total assets) × 100) | 7.7% | 5.1% |
| Market capitalization ratio ((Market capitalization/ Total assets) × 100) | 14.2% | 9.6% |

## *3. Operations of Three Life Insurance Companies (Non-consolidated Basis)*

### (1) Results of Operations

***Taiyo Life Insurance Company:***

For the fiscal year ended March 31, 2008, Taiyo Life's ordinary revenues decreased ¥11.6 billion, or 1.2 percent from the level of the previous fiscal year, to ¥1,000.3 billion, which was a total of income from insurance premiums of ¥635.7 billion (down 9.9 percent), investment income of ¥229.6 billion (up 8.4 percent), and other ordinary income of ¥134.9 billion (up 42.8 percent).

Ordinary expenses decreased ¥17.0 billion, or 1.8 percent from the level of the previous fiscal year, to ¥943.3 billion, which was a total of insurance claims and other payments of ¥747.1 billion (down 3.3 percent), investment expenses of ¥76.1 billion (up 8.2 percent), operating expenses of ¥77.0 billion (down 2.2 percent) and others.

As a result, ordinary profit increased ¥5.3 billion, or 10.4 percent, to ¥57.0 billion. Ordinary profit increased mainly due to an increase in gains on sales of securities.

Extraordinary gains decreased 82.8 percent, to ¥0.6 billion, and extraordinary losses increased 16.4 percent, to ¥21.6 billion. Extraordinary losses mainly consisted of provision for reserve for price fluctuations of ¥20.7 billion (up 25.6 percent).

Net income decreased ¥1.3 billion, or 10.2 percent from the level of the previous fiscal year, to ¥12.0 billion.

Core profit (a measure of underlying profitability from core insurance operations on a non-consolidated basis) for the fiscal year ended March 31, 2008, recorded ¥53.0 billion, down 1.7 percent compared with the previous fiscal year, after compensating for a negative spread of ¥17.6 billion (down 28.6 percent).

***Daido Life Insurance Company:***

For the fiscal year ended March 31, 2008, Daido Life's ordinary revenues increased ¥74.5 billion,

or 7.0 percent from the level of the previous fiscal year, to ¥1,136.3 billion, which was a total of income from insurance premiums of ¥843.3 billion (down 2.5 percent), investment income of ¥205.7 billion (up 12.2 percent), and other ordinary income of ¥87.2 billion (up 559.8 percent).

Ordinary expenses increased ¥91.0 billion, or 9.7 percent from the level of the previous fiscal year, to ¥1,031.6 billion, which was a total of insurance claims and other payments of ¥804.3 billion (up 6.1 percent) and investment expenses of ¥94.6 billion (up 114.4 percent), operating expenses of ¥114.1 billion (up 2.1 percent) and others.

As a result, ordinary profit decreased ¥16.5 billion, or 13.7 percent from the level of the previous fiscal year, to ¥104.6 billion. Ordinary profit decreased mainly due to an increase in devaluation losses on securities.

Extraordinary gains increased 66.1 percent, to ¥5.1 billion, and extraordinary losses decreased 2.8 percent, to ¥15.4 billion. Extraordinary losses mainly consisted of provision for reserve for price fluctuations of ¥11.9 billion (down 14.6 percent).

Net income decreased ¥12.7 billion, or 29.4 percent from the level of the previous fiscal year, to ¥30.4 billion.

The rate of decrease in net income is greater than that in ordinary profit mainly due to an increase in income taxes according to taxable devaluation losses on securities.

Core profit was ¥124.8 billion, a decrease of 0.7 percent compared with the previous fiscal year. A positive spread was ¥21.7 billion (up 159.3 percent) for the fiscal year ended March 31, 2008.

***T&D Financial Life Insurance Company:***

For the fiscal year ended March 31, 2008, T&D Financial Life's ordinary revenues decreased ¥85.6 billion, or down 32.2 percent from the level of the previous fiscal year, to ¥180.4 billion, which was a total of income from insurance premiums of ¥134.0 billion (down 44.3 percent), investment income of ¥19.8 billion (up 15.5 percent), and other ordinary income of 26.5 billion (up 223.9 percent).

Ordinary expenses decreased ¥89.5 billion, or 32.0 percent from the level of the previous fiscal year, to ¥190.1 billion, which was a total of insurance claims and other payments of ¥95.5 billion (down 4.0 percent), investment expenses of ¥77.9 billion (up 1,535.5 percent), operating expenses of ¥13.6 billion (down 24.1 percent) and others.

As a result, ordinary losses improved ¥3.8 billion from the level of the previous fiscal year, to ¥9.6 billion (down 28.5 percent).

Net loss improved ¥3.7 billion from the level of the previous fiscal year, to ¥6.9 billion (down 35.3 percent).

T&D Financial Life marked a loss of ¥18.1 billion (up 181.6 percent) in its core profit for the fiscal year ended March 31, 2008. A negative spread was ¥4.1 billion (down 0.3 percent).

## (2) Financial Position

***Taiyo Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥6,185.5 billion (down 5.6 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥4,152.4 billion (down 7.4 percent), loans of ¥1,481.8 billion (down 1.4 percent), tangible fixed

assets of ¥162.2 billion (down 0.8 percent), monetary claims purchased of ¥160.5 billion (up 3.4 percent).

Total liabilities were ¥5,931.2 billion (down 3.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,731.1 billion (down 1.8 percent).

Total net assets were ¥254.3 billion, down 40.9 percent from the previous fiscal year, of which net unrealized gains on securities was ¥136.1 billion (down 57.3 percent).

As of March 31, 2008, solvency margin ratio (a measure of insurance companies' financial soundness) was 1,000.6 percent (1,100.4 percent recorded at the end of the previous fiscal year). Furthermore, the value of adjusted net assets (adjusted assets at fair value less liabilities, excluding quasi-equity liabilities) amounted to ¥659.7 billion. (¥834.6 billion posted at the previous fiscal year-end)

***Daido Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥6,047.8 billion (down 5.5 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥4,159.6 billion (down 5.7 percent), loans of ¥890.3 billion (down 4.6 percent), monetary claims purchased of ¥270.0 billion (down 8.5 percent), cash and deposits of ¥169.4 billion (down 42.0 percent), tangible fixed assets of ¥140.4 billion (down 4.4 percent), call loans of ¥127.8 billion (down 14.8 percent).

Total liabilities were ¥5,673.4 billion (down 2.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,392.1 billion (down 1.5 percent).

Total net assets were ¥374.4 billion, down 38.1 percent from the previous fiscal year, of which net unrealized gains on securities was ¥111.8 billion (down 69.2 percent).

As of March 31, 2008, solvency margin ratio was 1,096.3 percent (1,320.6 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥777.2 billion. (¥1,109.6 billion posted at the previous fiscal year-end)

***T&D Financial Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥1,048.9 billion (down 2.7 percent from March 31, 2007), mainly consisting of securities amounting to ¥934.8 billion (down 4.4 percent), monetary trusts of ¥30.1 billion (up 144.4 percent), call loans of ¥29.5 billion (up 47.5 percent) and cash and deposits of ¥20.6 billion (down 32.7 percent).

Total liabilities were ¥1,022.0 billion (down 2.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥1,011.5 billion (down 1.7 percent).

Total net assets were ¥26.9 billion, down 21.3 percent from the previous fiscal year, of which net unrealized gains on securities was a loss of ¥1.1 billion (up 40.4 percent).

As of March 31, 2008, solvency margin ratio was 912.4 percent (1,189.7 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥63.7 billion. (¥63.5 billion posted at the previous fiscal year-end)

## (Reference) Sales Results

### *Taiyo Life Insurance Company:*

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2008, decreased 30.7 percent compared with the same term of the previous fiscal year, to ¥1,474.1 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 10.3 percent compared with the same term of the previous fiscal year, to ¥1,348.6 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, decreased ¥462.2 billion, or 2.6 percent from the level of the previous fiscal year (¥17,644.5 billion posted at the previous fiscal year-end), to ¥17,182.2 billion.

### *Daido Life Insurance Company:*

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2008 increased 7.1 percent compared with the previous fiscal year, to ¥4,634.2 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 1.8 percent compared with the previous fiscal year, to ¥3,550.0 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, increased ¥165.0 billion, or 0.4 percent from the level of the previous fiscal year (¥39,732.0 billion posted at the previous fiscal year-end), to ¥39,897.1 billion.

### *T&D Financial Life Insurance Company:*

The new policy amount of individual insurance and annuities (not including the net increase from conversions) for the fiscal year ended March 31, 2008 decreased 48.0 percent compared with the previous fiscal year, to ¥93.3 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 31.8 percent compared with the previous fiscal year, to ¥165.5 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, decreased ¥262.3 billion, or 10.4 percent from the level of the previous fiscal year (¥2,523.3 billion posted at the previous fiscal year-end), to ¥2,261.0 billion.

## *4. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

### (1) Consolidated

(Billions of yen)

| | Ordinary revenues | Ordinary profit | Net income |
|---|---|---|---|
| Half-Year-end | 1,080 | 59 | 20 |
| Change | (5.1%) | (41.4%) | (39.5%) |
| Year-end | 2,100 | 115 | 39 |
| Change | (9.9%) | (26.1%) | 6.1% |

*Note: "Change" represents the amount change from the same term of the previous year.*

Ordinary revenues are expected to be ¥2,100 billion, a decrease of approximately ¥230 billion or 9.9 percent from the fiscal year ended March 31, 2008. Ordinary profit is expected to be ¥115 billion, a decrease of approximately ¥40 billion or 26.1 percent. This is mainly due to a decrease in income from interest and dividends and a decrease in gains on sales of securities, which is not expected the same level recorded at the fiscal year ended March 31, 2008.

Net income is expected to be ¥39 billion, an increase of approximately ¥2 billion or 6.1 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of provision for reserve for price fluctuations and income taxes, while ordinary profit is expected to decrease by approximately ¥40.0 billion from the fiscal year ended March 31, 2008.

***Reference: Forecasts for the Year Ending March 31, 2009 of Three Life Insurance Companies (Non-consolidated Basis)***

(Billions of yen)

| | Taiyo Life | Daido Life | T&D Financial Life |
|---|---|---|---|
| Ordinary revenues | 930 | 1,020 | 270 |
| Change | (7.0%) | (10.2%) | 49.6% |
| Ordinary profit (loss) | 29 | 96 | (14) |
| Change | (49.2%) | (8.3%) | 44.8% |
| Core profit (loss) | 46 | 107 | (4) |
| Change | (13.3%) | (14.3%) | (78.0%) |
| Net income (loss) | 13 | 34 | (10) |
| Change | 7.9% | 11.6% | 44.1% |

*Note: "Change" represents the amount change from the year ended March 31, 2008. An increase of figures in the item "loss" shows a bigger loss amount and vice versa.*

***Taiyo Life Insurance Company:***

Ordinary profit is expected to be ¥ 29 billion, a decrease of approximately ¥28 billion or 49.2 percent from the fiscal year ended March 31, 2008. This is mainly due to a decrease in income from interest and dividends and a decrease in gains on sales of securities, which is not expected the same level recorded at the fiscal year ended March 31, 2008. Core profit is expected to be ¥46 billion, a decrease in approximately ¥7 billion or 13.3 percent.

Net income is expected to be ¥13 billion, an increase in approximately ¥1 billion or 7.9 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of provision for reserve for price fluctuations, while ordinary profit is expected to decrease by approximately ¥28 billion yen from the fiscal year ended March 31, 2008.

*Daido Life Insurance Company:*

Ordinary profit is expected to be ¥ 96 billion, a decrease in approximately ¥8 billion or 8.3 percent from the fiscal year ended March 31, 2008. This is mainly due to a decrease in income from interest and dividends, which is not expected the same level recorded at the fiscal year ended March 31, 2008. Core profit is expected to be ¥107 billion, a decrease in approximately ¥18 billion or 14.3 percent.

Net income is expected to be ¥34 billion, an increase in approximately ¥3 billion or 11.6 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of income taxes, while ordinary profit is expected to decrease by approximately ¥8 billion from the fiscal year ended March 31, 2008.

*T&D Financial Life Insurance Company:*

Ordinary loss is expected to be ¥14 billion, an increase in approximately ¥5 billion or 44.8 percent from the fiscal year ended March 31, 2008. This is because provision for reserve for policy reserves relating to minimum guarantee risks of variable annuities accompanying growth of new policy sales and operating expenses are expected to increase. Core profit is expected to be a loss of ¥4 billion, an increase in approximately ¥14 billion (down 78.0 percent) from the fiscal year ended March 31, 2008.

Net loss is expected to be ¥10 billion, an increase of approximately ¥3 billion or 44.1 percent from the fiscal year ended March 31 2008. This is mainly due to a decrease of ordinary revenues.

### (2) Non-consolidated Forecasts for T&D Holdings

The non-consolidated forecasts for the year ending March 31, 2009, are as follows:

(Billions of yen)

| | Operating income | Operating profit | Ordinary profit | Net income |
|---|---|---|---|---|
| Half-Year-end | 18 | 16 | 16 | 16 |
| Change | 1.6% | (1.0%) | (0.8%) | (0.3%) |
| Year-end | 20 | 16 | 16 | 16 |
| Change | 3.6% | (2.5%) | (2.1%) | (1.0%) |

*Note: "Change" represents the amount change from the same term of the previous year.*

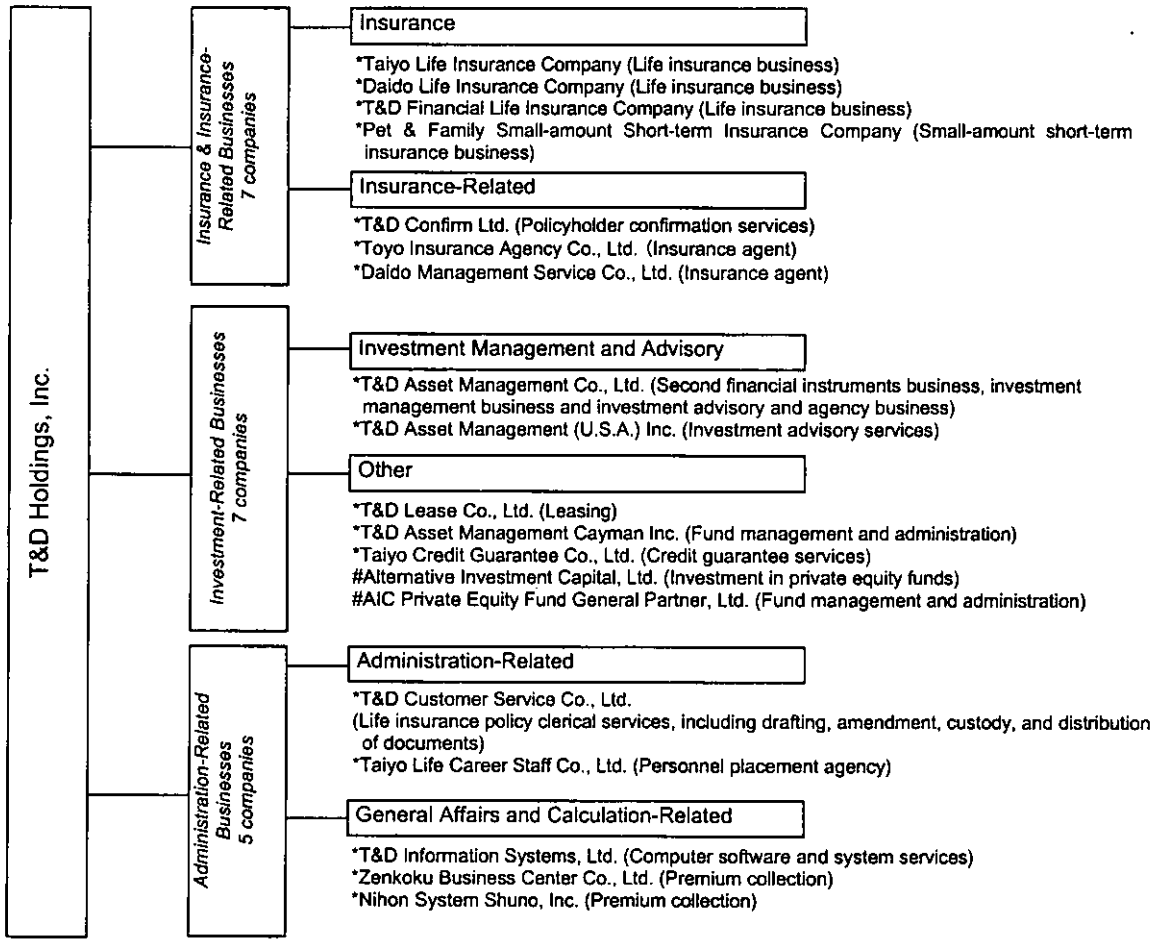
## *5. Basic Dividend Distribution Policy*

T&D Holdings' basic dividend distribution policy is to retain necessary internal reserves for the group in order to maintain a sound business base for T&D Holdings and group businesses. T&D Holdings also pursues policies aimed at increasing shareholder value and paying stable dividends.

In consideration of these policies, we plan to pay a dividend of ¥65 per share for the fiscal year ended March 31, 2008. And we plan to pay a dividend of ¥65 per share for the fiscal year ending March 31, 2009. As in the past, we continue an annual dividend payment approved by the Shareholders' Meeting based on the fiscal year end. According to the Articles of Incorporation, semiannual interim dividend payment as provided in Article 454-5 of the Japanese Company Law may be made by the resolution of the Board of Directors.

## *II. Subsidiaries and Affiliates*

T&D Holdings, Inc. ("T&D Holdings" and the "Company"), was established on April 1, 2004, as a holding company through the joint transfer of the stock of Taiyo Life Insurance Company ("Taiyo Life"), Daido Life Insurance Company ("Daido Life"), and T&D Financial Life Insurance Company ("T&D Financial Life") (collectively, referred to below as the "Three Life Insurance Companies").
T&D Holdings and its subsidiaries (referred to below as the "T&D Life Group" or the "Group") comprise the holding company, 17 subsidiaries and 2 affiliated companies as of March 31, 2008. Centered on the life insurance business, the Group's operations are outlined below:




*Note: Companies marked by * are consolidated subsidiaries, and companies marked by # are affiliated companies accounted for by the equity method.*

# *III. Management Principles and Goals*

### *1. Basic Management Principles*

With our "Try & Discover" motto for creating value, the T&D Life Group aims to be a group that contributes to all people and societies. The Group's four management visions are as follows:

(1) Aim to provide the best products and services to increase customer satisfaction.
(2) Aim to increase the value of the Group by expanding and creating value in areas where the Group can take full advantage of its strengths.
(3) Broadly fulfill our social responsibilities with high ethical standards and strict compliance practices.
(4) Aim to be an energetic group whose employees are encouraged to be creative and to take action.

### *2. Management Goals*

The T&D Life Group aims at sustainable growth in its Embedded Value (EV)*, which is a yardstick to evaluate the corporate value of a life insurance company. Crucial for EV enhancement are "solid growth in new policy amount and the expansion of policy amount in force" as well as "attainment of higher managerial efficiency." Based on a time-driven management style, the Group will meet the said crucial challenges and strive to enhance its corporate value.

*Embedded value (EV) is the sum of adjusted book value calculated from the balance sheet, and existing business value, calculated from existing policies in force. In Europe and Canada, along with other information, EV is used to evaluate the corporate value of a stock life insurance company.

### *3. Medium-Term Management Strategy*

The T&D Life Group is pursuing the following five group strategies, along with the philosophies of "growing and expanding the insurance business" by further leveraging the unique strengths inherent in the business models of each of the Three Life Insurance Companies and "increasing operational efficiency and strategic concentration of investment " through consolidation of the Group's management resources.

(1) Growing and expanding the life insurance business
To grow and expand the Group's core business, life insurance business, through the further reinforcement of the individual strengths of Taiyo Life, Daido Life, and T&D Financial Life, each of which have independent product strategies and sales strategies, within the Group.
(2) Strategically reallocating the Group resources
To enhance the Group's corporate value through strategic reallocation of group management resources to the internal management department and fields with high growth capability and profitability.

(3) Providing high-quality services and increasing operational efficiency

To provide high-quality and appropriate services through the review of all operations regarding payments of insurance claims and benefits from the customer's viewpoint and to achieve greater efficiency through the integration of such common group infrastructure as back-office services and systems.

(4) Strengthening profit management and risk management

To win trust from customers by establishing a stronger financial basis through appropriate profit and risk management.

(5) Expanding the Group presence

To achieve mid- and long-term growth of the Group by expanding the life insurance business and entering into new business areas through alliances and M&A.

### *4. Future Tasks*

The Japanese economy outlook is clouded by a slowdown in U.S. economy, fluctuations in equity and exchange markets and a rise in commodity prices.

In the Japanese life insurance industry, we are required to review our operations from customers' viewpoint and make the efforts continuously for the restoration of confidence. In October 2007, the Three Life Insurance Companies have announced results of the continued examination regarding cases of improper non-payment of insurance benefits and other benefits. The T&D Life Group will aim to make a sincere effort to prevent such a problem from occurring again.

Additionally competitions are expected to intensify in offering new products, new services and appealing premium rates due to rapid progress of aging population, diversification of customer needs, expansion of deregulation and diversification of marketing channels.

In such an environment, the T&D Life Group will strive to realize its management philosophy and win the trust of customers by offering new products and services which will fulfill customer satisfaction, and will address "Business Operations to Fulfill its Corporate Social Responsibility (CSR)".

## *IV. Unaudited Consolidated Financial Statements*

T&D Holdings, Inc.

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# Unaudited Consolidated Balance Sheets

| As of March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Assets:** | | | | | | |
| Cash and deposits | ¥ 308,428 | 2.3 | ¥ 419,874 | 3.0 | ¥ (111,445) | $ 3,078,440 |
| Call loans | 279,800 | 2.1 | 340,800 | 2.4 | (61,000) | 2,792,693 |
| Monetary claims purchased | 430,592 | 3.2 | 450,533 | 3.2 | (19,940) | 4,297,763 |
| Monetary trusts | 134,769 | 1.0 | 113,187 | 0.8 | 21,581 | 1,345,138 |
| Securities | 9,244,528 | 69.2 | 9,870,253 | 70.0 | (625,725) | 92,269,975 |
| Loans | 2,363,476 | 17.7 | 2,430,540 | 17.2 | (67,064) | 23,589,945 |
| Tangible fixed assets | 309,279 | 2.3 | 317,603 | 2.3 | (8,323) | 3,086,931 |
| Intangible fixed assets | 23,755 | 0.2 | 22,921 | 0.2 | 834 | 237,108 |
| Due from agencies | 1,382 | 0.0 | 1,466 | 0.0 | (83) | 13,800 |
| Due from reinsurers | 8,472 | 0.0 | 8,955 | 0.1 | (482) | 84,568 |
| Other assets | 199,089 | 1.5 | 117,719 | 0.8 | 81,370 | 1,987,120 |
| Deferred tax assets | 66,419 | 0.5 | 770 | 0.0 | 65,648 | 662,932 |
| Reserve for possible loan losses | (3,940) | (0.0) | (3,648) | (0.0) | (291) | (39,326) |
| **Total assets** | 13,366,056 | 100.0 | 14,090,977 | 100.0 | (724,921) | 133,407,093 |
| **Liabilities:** | | | | | | |
| Policy reserves: | | | | | | |
| Reserve for outstanding claims | 75,264 | | 73,651 | | 1,613 | 751,218 |
| Policy reserve | 11,875,618 | | 12,073,772 | | (198,154) | 118,530,972 |
| Reserve for policyholder dividends | 186,873 | | 197,357 | | (10,483) | 1,865,195 |
| Total policy reserves | 12,137,756 | 90.8 | 12,344,781 | 87.6 | (207,024) | 121,147,386 |
| Due to agencies | 280 | 0.0 | 1,313 | 0.0 | (1,032) | 2,801 |
| Due to reinsurers | 491 | 0.0 | 529 | 0.0 | (38) | 4,900 |
| Short-term debenture | 27,971 | 0.2 | 20,000 | 0.2 | 7,971 | 279,183 |
| Subordinated bonds | 20,000 | 0.2 | 20,000 | 0.2 | - | 199,620 |
| Other liabilities | 232,992 | 1.7 | 178,750 | 1.3 | 54,241 | 2,325,505 |
| Reserve for bonus to directors and corporate auditors | 210 | 0.0 | 172 | 0.0 | 38 | 2,100 |
| Reserve for employees' retirement benefits | 116,849 | 0.9 | 114,986 | 0.8 | 1,863 | 1,166,275 |
| Reserve for directors' and corporate auditors' retirement benefits | 4,242 | 0.0 | 3,707 | 0.0 | 534 | 42,342 |
| Reserve for price fluctuations | 137,269 | 1.0 | 104,542 | 0.7 | 32,727 | 1,370,090 |
| Deferred tax liabilities | 10 | 0.0 | 201,178 | 1.4 | (201,167) | 105 |
| Deferred tax liabilities on land revaluation | 10,708 | 0.1 | 10,787 | 0.1 | (78) | 106,884 |
| **Total liabilities** | 12,688,782 | 94.9 | 13,000,748 | 92.3 | (311,965) | 126,647,198 |
| **Net assets:** | | | | | | |
| Common stock: | | | | | | |
| Authorized – 966,000,000 shares | | | | | | |
| Issued – 246,330,000 shares | 118,595 | 0.9 | 118,595 | 0.8 | - | 1,183,705 |
| Capital surplus | 106,106 | 0.8 | 106,106 | 0.8 | 0 | 1,059,055 |
| Retained earnings | 251,934 | 1.9 | 231,678 | 1.6 | 20,256 | 2,514,571 |
| Treasury stock | (638) | (0.0) | (496) | (0.0) | (141) | (6,372) |
| Total stockholders' equity | 475,998 | 3.6 | 455,883 | 3.2 | 20,115 | 4,750,960 |
| Net unrealized gains on securities | 246,874 | 1.9 | 680,401 | 4.8 | (433,527) | 2,464,059 |
| Gains on deferred hedge | 571 | 0.0 | 488 | 0.0 | 83 | 5,700 |
| Land revaluation | (48,014) | (0.4) | (48,501) | (0.3) | 487 | (479,237) |
| Foreign currency translation adjustments | 24 | 0.0 | 48 | 0.0 | (23) | 245 |
| Total valuation and translation adjustments | 199,455 | 1.5 | 632,435 | 4.5 | (432,980) | 1,990,767 |
| Minority interests | 1,820 | 0.0 | 1,909 | 0.0 | (89) | 18,166 |
| **Total net assets** | 677,273 | 5.1 | 1,090,229 | 7.7 | (412,955) | 6,759,894 |
| **Total liabilities and net assets** | ¥ 13,366,056 | 100.0 | ¥ 14,090,977 | 100.0 | ¥ (724,921) | $ 133,407,093 |

*See notes to unaudited consolidated financial statements.*

# Unaudited Consolidated Statements of Operations

| Years ended March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Ordinary revenues:** | | | | | | |
| Income from insurance premiums | ¥ 1,613,190 | | ¥ 1,811,596 | | ¥ (198,405) | $ 16,101,309 |
| Investment income: | | | | | | |
| Interest, dividends and income from real estate for rent | 288,345 | | 269,689 | | 18,655 | 2,877,988 |
| Gains from monetary trusts, net | 29,343 | | 4,767 | | 24,575 | 292,880 |
| Gains on investments in trading securities, net | - | | 17,824 | | (17,824) | - |
| Gains on sales of securities | 102,475 | | 94,247 | | 8,228 | 1,022,814 |
| Gains on redemptions of securities | 14 | | 1 | | 13 | 149 |
| Gains from derivatives, net | 22,312 | | - | | 22,312 | 222,699 |
| Other investment income | 2,921 | | 2,763 | | 158 | 29,158 |
| Gains on separate accounts, net | - | | 18,156 | | (18,156) | - |
| Total investment income | 445,413 | | 407,449 | | 37,963 | 4,445,690 |
| Other ordinary income: | | | | | | |
| Reversal of policy reserve | 198,154 | | - | | 198,154 | 1,977,790 |
| Other ordinary income | 73,272 | | 66,954 | | 6,317 | 731,335 |
| Total other ordinary income | 271,427 | | 66,954 | | 204,472 | 2,709,125 |
| Equity in net income of affiliated companies | 39 | | 33 | | 6 | 397 |
| **Total ordinary revenues** | 2,330,071 | 100.0 | 2,286,034 | 100.0 | 44,036 | 23,256,522 |
| **Ordinary expenses:** | | | | | | |
| Insurance claims and other payments: | | | | | | |
| Insurance claims | 611,405 | | 672,425 | | (61,019) | 6,102,464 |
| Annuity payments | 175,789 | | 161,682 | | 14,107 | 1,754,563 |
| Insurance benefits | 304,388 | | 296,469 | | 7,919 | 3,038,117 |
| Surrender payments | 391,885 | | 389,975 | | 1,909 | 3,911,422 |
| Other payments | 163,563 | | 110,131 | | 53,432 | 1,632,533 |
| Total insurance claims and other payments | 1,647,033 | | 1,630,683 | | 16,349 | 16,439,101 |
| Provision for policy and other reserves: | | | | | | |
| Provision for reserve for outstanding claims | 1,613 | | 4,977 | | (3,363) | 16,100 |
| Provision for policy reserve | - | | 88,310 | | (88,310) | - |
| Interest portion of reserve for policyholder dividends | 916 | | 947 | | (31) | 9,145 |
| Total provision for policy and other reserves | 2,529 | | 94,235 | | (91,705) | 25,246 |
| Investment expenses: | | | | | | |
| Interest expenses | 2,138 | | 1,806 | | 332 | 21,348 |
| Losses on investments in trading securities, net | 25,192 | | – | | 25,192 | 251,444 |
| Losses on sales of securities | 62,224 | | 52,377 | | 9,846 | 621,060 |
| Devaluation losses on securities | 27,178 | | 720 | | 26,457 | 271,266 |
| Losses from redemption of securities | - | | 1 | | (1) | - |
| Losses from derivatives, net | - | | 35,992 | | (35,992) | - |
| Foreign exchange losses, net | 6,193 | | 6,119 | | 74 | 61,821 |
| Provision for reserve for possible loan losses | 304 | | 0 | | 304 | 3,043 |
| Write-off of loans | 189 | | 12 | | 177 | 1,895 |
| Depreciation of real estate for rent | 5,778 | | 5,201 | | 576 | 57,676 |
| Other investment expenses | 18,067 | | 12,979 | | 5,088 | 180,331 |
| Losses on separate accounts, net | 94,702 | | - | | 94,702 | 945,228 |
| Total investment expenses | 241,970 | | 115,212 | | 126,758 | 2,415,116 |
| Operating expenses | 205,853 | | 208,963 | | (3,110) | 2,054,627 |
| Other ordinary expenses | 76,971 | | 78,767 | | (1,795) | 768,256 |
| **Total ordinary expenses** | 2,174,358 | 93.3 | 2,127,862 | 93.1 | 46,496 | 21,702,348 |
| **Ordinary profit** | ¥ 155,712 | 6.7 | ¥ 158,172 | 6.9 | ¥ (2,459) | $ 1,554,174 |

## Unaudited Consolidated Statements of Operations (continued)

| Years ended March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Extraordinary gains:** | | | | | | |
| Gains on disposal of fixed assets | ¥ 5,740 | | ¥ 1,324 | | ¥ 4,416 | $ 57,299 |
| Recoveries of bad debts previously written-off | 113 | | 194 | | (80) | 1,135 |
| Other | 246 | | 763 | | (517) | 2,455 |
| **Total extraordinary gains** | 6,100 | 0.3 | 2,281 | 0.1 | 3,818 | 60,890 |
| **Extraordinary losses:** | | | | | | |
| Losses on disposal and devaluation of fixed assets | 4,194 | | 1,111 | | 3,083 | 41,866 |
| Impairment loss | 349 | | 1,899 | | (1,550) | 3,485 |
| Provision for reserve for price fluctuations | 32,727 | | 30,546 | | 2,180 | 326,651 |
| Headquarters removal costs | - | | 1,257 | | (1,257) | - |
| Other | 245 | | 494 | | (249) | 2,449 |
| **Total extraordinary losses** | 37,516 | 1.6 | 35,309 | 1.5 | 2,207 | 374,451 |
| Provision for reserve for policyholder dividends | 45,384 | 2.0 | 56,481 | 2.5 | (11,097) | 452,983 |
| **Income before income taxes** | 78,912 | 3.4 | 68,663 | 3.0 | 10,249 | 787,629 |
| **Income taxes:** | | | | | | |
| Current | 64,753 | 2.8 | 50,665 | 2.2 | 14,088 | 646,309 |
| Deferred | (22,581) | (1.0) | (20,909) | (0.9) | (1,671) | (225,387) |
| **Minority interests (losses)** | (9) | (0.0) | 134 | 0.0 | (144) | (94) |
| **Net income** | ¥ 36,749 | 1.6 | ¥ 38,772 | 1.7 | ¥ (2,022) | $ 366,802 |

*See notes to unaudited consolidated financial statements.*

# Unaudited Consolidated Statements of Changes in Net Assets

| | Stockholders' equity | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total |
| | (Millions of yen) | | | | |
| Balance as of March 31, 2007 | ¥ 118,595 | ¥ 106,106 | ¥ 231,678 | ¥ (496) | ¥ 455,883 |
| Changes in the period: | | | | | |
| Dividends | | | (16,006) | | (16,006) |
| Bonus to directors and corporate auditors | | | | | - |
| Net income | | | 36,749 | | 36,749 |
| Acquisition of treasury stock | | | | (156) | (156) |
| Disposal of treasury stock | | 0 | | 14 | 14 |
| Reversal of land revaluation | | | (487) | | (487) |
| Net changes of items other than stockholders' equity | | | | | - |
| Total changes in the period | - | 0 | 20,256 | (141) | 20,115 |
| **Balance as of March 31, 2008** | ¥ 118,595 | ¥ 106,106 | ¥ 251,934 | ¥ (638) | ¥ 475,998 |

| | Valuation and translation adjustments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Net unrealized gains on securities | Gains on deferred hedge | Land revaluation | Foreign currency translation adjustments | Total | Minority interests | Total net assets |
| | (Millions of yen) | | | | | | |
| Balance as of March 31, 2007 | ¥ 680,401 | ¥ 488 | ¥ (48,501) | ¥ 48 | ¥ 632,435 | ¥ 1,909 | ¥ 1,090,229 |
| Changes in the period: | | | | | | | |
| Dividends | | | | | | | (16,006) |
| Bonus to directors and corporate auditors | | | | | | | - |
| Net income | | | | | | | 36,749 |
| Acquisition of treasury stock | | | | | | | (156) |
| Disposal of treasury stock | | | | | | | 14 |
| Reversal of land revaluation | | | | | | | (487) |
| Net changes of items other than stockholders' equity | (433,527) | 83 | 487 | (23) | (432,980) | (89) | (433,070) |
| Total changes in the period | (433,527) | 83 | 487 | (23) | (432,980) | (89) | (412,955) |
| **Balance as of March 31, 2008** | ¥ 246,874 | ¥ 571 | ¥ (48,014) | ¥ 24 | ¥ 199,455 | ¥ 1,820 | ¥ 677,273 |

| | Stockholders' equity | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total |
| | (Thousands of U.S. dollars) | | | | |
| Balance as of March 31, 2007 | $ 1,183,705 | $ 1,059,054 | $ 2,312,390 | $ (4,959) | $ 4,550,190 |
| Changes in the period: | | | | | |
| Dividends | | | (159,759) | | (159,759) |
| Bonus to directors and corporate auditors | | | | | - |
| Net income | | | 366,802 | | 366,802 |
| Acquisition of treasury stock | | | | (1,558) | (1,558) |
| Disposal of treasury stock | | 1 | | 145 | 147 |
| Reversal of land revaluation | | | (4,861) | | (4,861) |
| Net changes of items other than stockholders' equity | | | | | - |
| Total changes in the period | - | 1 | 202,180 | (1,412) | 200,769 |
| **Balance as of March 31, 2008** | $ 1,183,705 | $ 1,059,055 | $ 2,514,571 | $ (6,372) | $ 4,750,960 |

| | Valuation and translation adjustments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Net unrealized gains on securities | Gains on deferred hedge | Land revaluation | Foreign currency translation adjustments | Total | Minority interests | Total net assets |
| | (Thousands of U.S. dollars) | | | | | | |
| Balance as of March 31, 2007 | $ 6,791,110 | $ 4,871 | $ (484,099) | $ 482 | $ 6,312,365 | $ 19,062 | $ 10,881,618 |
| Changes in the period: | | | | | | | |
| Dividends | | | | | | | (159,759) |
| Bonus to directors and corporate auditors | | | | | | | - |
| Net income | | | | | | | 366,802 |
| Acquisition of treasury stock | | | | | | | (1,558) |
| Disposal of treasury stock | | | | | | | 147 |
| Reversal of land revaluation | | | | | | | (4,861) |
| Net changes of items other than stockholders' equity | (4,327,050) | 829 | 4,861 | (237) | (4,321,597) | (896) | (4,322,493) |
| Total changes in the period | (4,327,050) | 829 | 4,861 | (237) | (4,321,597) | (896) | (4,121,723) |
| **Balance as of March 31, 2008** | $ 2,464,059 | $ 5,700 | $ (479,237) | $ 245 | $ 1,990,767 | $ 18,166 | $ 6,759,894 |

# Unaudited Consolidated Statements of Changes in Net Assets (continued)

| | Stockholders' equity | | | | |
|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total |
| | | | (Millions of yen) | | |
| Balance as of March 31, 2006 | ¥ 118,595 | ¥ 106,104 | ¥ 205,889 | ¥ (322) | ¥ 430,266 |
| Changes in the period: | | | | | |
| Dividends | | | (13,544) | | (13,544) |
| Bonus to directors and corporate auditors | | | (216) | | (216) |
| Net income | | | 38,772 | | 38,772 |
| Acquisition of treasury stock | | | | (179) | (179) |
| Disposal of treasury stock | | 2 | | 5 | 8 |
| Reversal of land revaluation | | | 777 | | 777 |
| Net changes of items other than stockholders' equity | | | | | - |
| Total changes in the period | - | 2 | 25,788 | (174) | 25,616 |
| **Balance as of March 31, 2007** | ¥ 118,595 | ¥ 106,106 | ¥ 231,678 | ¥ (496) | ¥ 455,883 |

| | Valuation and translation adjustments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Net unrealized gains on securities | Gains on deferred hedge | Land revaluation | Foreign currency translation adjustments | Total | Minority interests | Total net assets |
| | | | | (Millions of yen) | | | |
| Balance as of March 31, 2006 | ¥ 697,511 | ¥ - | ¥ (47,724) | ¥ 44 | ¥ 649,831 | ¥ 1,514 | ¥ 1,081,613 |
| Changes in the period: | | | | | | | |
| Dividends | | | | | | | (13,544) |
| Bonus to directors and corporate auditors | | | | | | | (216) |
| Net income | | | | | | | 38,772 |
| Acquisition of treasury stock | | | | | | | (179) |
| Disposal of treasury stock | | | | | | | 8 |
| Reversal of land revaluation | | | | | | | 777 |
| Net changes of items other than stockholders' equity | (17,110) | 488 | (777) | 4 | (17,395) | 394 | (17,000) |
| Total changes in the period | (17,110) | 488 | (777) | 4 | (17,395) | 394 | 8,616 |
| **Balance as of March 31, 2007** | ¥ 680,401 | ¥ 488 | ¥ (48,501) | ¥ 48 | ¥ 632,435 | ¥ 1,909 | ¥ 1,090,229 |

*See notes to unaudited consolidated financial statements.*

# Unaudited Consolidated Statements of Cash Flows

| Years ended March 31, | 2008 | 2007 | Increase (decrease) | 2008 |
|---|---|---|---|---|
| | | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| **Cash flows from operating activities:** | | | | |
| Income before income taxes | ¥ 78,912 | ¥ 68,663 | ¥ 10,249 | $ 787,629 |
| Depreciation of real estate for rent | 5,778 | 5,201 | 576 | 57,676 |
| Other depreciation and amortization | 13,671 | 14,054 | (383) | 136,454 |
| Impairment loss | 349 | 1,899 | (1,550) | 3,485 |
| Amortization of goodwill due to consolidation | 17 | 405 | (388) | 171 |
| Increase in reserve for outstanding claims | 1,613 | 4,977 | (3,363) | 16,100 |
| Increase (decrease) in policy reserve | (198,154) | 88,310 | (286,465) | (1,977,790) |
| Increase in interest portion of reserve for policyholder dividends | 916 | 947 | (31) | 9,145 |
| Increase in provision for reserve for policyholder dividends | 45,384 | 56,481 | (11,097) | 452,983 |
| Increase (decrease) in reserve for possible loan losses | 291 | (83) | 374 | 2,908 |
| Increase in reserve for bonus to directors and corporate auditors | 38 | 172 | (133) | 382 |
| Increase in reserve for employees' retirement benefits | 1,863 | 6,603 | (4,739) | 18,595 |
| Increase in reserve for directors' and corporate auditors' retirement benefits | 534 | 339 | 194 | 5,333 |
| Increase in reserve for price fluctuations | 32,727 | 30,546 | 2,180 | 326,651 |
| Interest, dividends and income from real estate for rent | (288,345) | (269,689) | (18,655) | (2,877,988) |
| (Gains) losses on investment securities | 106,806 | (77,129) | 183,935 | 1,066,035 |
| Interest expense | 2,138 | 1,806 | 332 | 21,348 |
| Exchange losses | 6,122 | 6,185 | (62) | 61,112 |
| Gains on disposal of tangible fixed assets | (2,290) | (345) | (1,945) | (22,862) |
| Equity in net income of affiliated companies | (39) | (33) | (6) | (397) |
| Decrease in amount due from agencies | 83 | 81 | 1 | 835 |
| (Increase) decrease in amount due from reinsurers | 482 | (1,759) | 2,241 | 4,813 |
| Increase in other assets (excluding investment activities-related and financing activities-related) | (14,241) | (6,551) | (7,689) | (142,145) |
| Increase (decrease) in amount due to agencies | (1,032) | 464 | (1,496) | (10,306) |
| Decrease in amount due to reinsurers | (38) | (20) | (17) | (380) |
| Increase in other liabilities (excluding investment activities-related and financing activities-related) | 3,614 | 1,521 | 2,093 | 36,081 |
| Other, net | (36,269) | 41,436 | (77,706) | (362,008) |
| Subtotal | (239,066) | (25,512) | (213,554) | (2,386,133) |
| Interest, dividends and income from real estate for rent received | 286,857 | 260,170 | 26,687 | 2,863,136 |
| Interest paid | (2,102) | (1,812) | (290) | (20,983) |
| Policyholder dividends | (56,808) | (56,763) | (45) | (567,007) |
| Other, net | 8,031 | 11,823 | (3,791) | 80,166 |
| Income taxes received (paid) | (61,042) | (43,594) | (17,448) | (609,267) |
| Net cash provided by (used in) operating activities | (64,130) | 144,312 | (208,442) | (640,089) |

## Unaudited Consolidated Statements of Cash Flows (continued)

| Years ended March 31, | 2008 | 2007 | Increase (decrease) | 2008 |
|---|---|---|---|---|
| | | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| **Cash flows from investing activities:** | | | | |
| (Net increase) net decrease in short-term investments | ¥ (1,450) | ¥ 0 | ¥ (1,450) | $ (14,472) |
| Investments in monetary claims purchased | (110,473) | (164,492) | 54,019 | (1,102,637) |
| Proceeds from sale and redemption of monetary claims purchased | 60,206 | 37,041 | 23,165 | 600,927 |
| Investments in monetary trusts | (63,000) | (25,500) | (37,500) | (628,805) |
| Proceeds from monetary trusts | 35,693 | 159,308 | (123,615) | 356,257 |
| Purchase of securities | (3,180,320) | (2,543,595) | (636,725) | (31,742,897) |
| Sale and redemption of securities | 3,010,949 | 2,802,515 | 208,434 | 30,052,397 |
| Investments in loans | (665,281) | (639,698) | (25,582) | (6,640,196) |
| Collection of loans | 735,352 | 731,108 | 4,244 | 7,339,584 |
| Other, net | 21,643 | (99,357) | 121,001 | 216,025 |
| Subtotal | (156,678) | 257,329 | (414,008) | (1,563,816) |
| Total of net cash provided by (used in) operating activities and investment transactions as above | (220,809) | 401,641 | (622,450) | (2,203,906) |
| Purchase of tangible fixed assets | (11,577) | (14,264) | 2,686 | (115,556) |
| Proceeds from disposal of tangible fixed assets | 7,969 | 3,484 | 4,484 | 79,541 |
| Purchase of subsidiary's equity with a change of scope of consolidation | - | (186) | 186 | - |
| Net cash provided by (used in) investing activities | (160,287) | 246,362 | (406,650) | (1,599,831) |
| **Cash flows from financing activities:** | | | | |
| Income from short-term debenture | 7,952 | - | 7,952 | 79,371 |
| Proceeds from debt | 10,450 | 18,100 | (7,650) | 104,301 |
| Repayments of debt | (7,099) | (6,316) | (783) | (70,861) |
| Purchase of treasury stock | (156) | (179) | 23 | (1,558) |
| Sale of treasury stock | 14 | 8 | 6 | 147 |
| Dividends paid | (15,738) | (13,229) | (2,509) | (157,086) |
| Dividends paid to minority interests | (32) | (30) | (1) | (323) |
| Net cash used in financing activities | (4,609) | (1,648) | (2,961) | (46,009) |
| Effect of exchange rate changes on cash and cash equivalents | (5,421) | (6,384) | 962 | (54,117) |
| Net Increase (decrease) in cash and cash equivalents | (234,449) | 382,642 | (617,091) | (2,340,047) |
| Cash and cash equivalents at beginning of year | 1,217,045 | 834,403 | 382,642 | 12,147,378 |
| Cash and cash equivalents at end of year | ¥ 982,596 | ¥ 1,217,045 | ¥ (234,449) | $ 9,807,331 |

*See notes to unaudited consolidated financial statements.*

T&D Holdings, Inc.

Notes to Unaudited Consolidated Financial Statements

March 31, 2008

## 1. Summary of Significant Accounting Policies

### (a) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the "Company"), was established as a life insurance holding company, through which Taiyo Life Insurance Company ("Taiyo Life"), Daido Life Insurance Company ("Daido Life") and T&D Financial Life Insurance Company ("T&D Financial Life") (hereafter, the "Three Life Insurance Companies"), have become wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries, maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Law of Japan (the "Insurance Business Law") and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

Amounts of less than one million yen and one thousand U.S. dollars have been eliminated. As a result, yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

### (b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All material intercompany balances and transactions are eliminated. The number of consolidated subsidiaries for the years ended March 31, 2008 and 2007 were 17, respectively.

Investments in affiliates are accounted for under the equity method. The number of affiliated companies for the years ended March 31, 2008 and 2007 were two, respectively.

There are no affiliated companies which are accounted for under the cost method.

Further information for consolidated subsidiaries and affiliated companies is shown in "II. Subsidiaries and affiliates."

The financial statements of subsidiaries located outside Japan for the year ended December 31 are consolidated. Appropriate adjustments have been made for material transactions between December 31 and March 31, the date of the Company's consolidated financial statements.

**(c) Foreign currency translation**

(i) Foreign currency accounts

Foreign currency assets and liabilities are translated into yen at the prevailing foreign exchange rates at respective balance sheet date except for certain hedging instruments and related hedged items, which are translated at the contracted rates of such hedging instruments.

All income and expenses denominated in foreign currencies are translated at the prevailing exchange rates when such transactions are made. Exchange gains and losses are credited or charged to income.

(ii) Foreign currency financial statements of consolidated subsidiaries

Assets, liabilities, income and expenses of the Company's affiliates located outside Japan are translated into yen at the exchange rates in effect at the consolidated balance sheet date in accordance with generally accepted accounting principles and practices in Japan. Gains and losses resulting from translation of foreign currency financial statements are excluded from the consolidated statements of operations and are accumulated in "Foreign currency translation adjustments" or "Minority interests" as a separate component of net assets.

**(d) Investments in securities other than those of subsidiaries and affiliates**

Investments in securities other than those of subsidiaries and affiliates are classified as trading, held-to-maturity, available-for-sale securities or policy reserve-matching bonds. Available-for-sale securities with readily obtainable fair values ("marketable available-for-sale securities") and trading securities are stated at fair value. Unrealized gains and losses on trading securities are reported in the consolidated statements of operations. Unrealized gains and losses on marketable available-for-sale securities are reported in a separate component of net assets, net of income taxes, unless the decline of the fair value of any particular available-for-sale securities is considered to be a permanent impairment, in which case such declines are recorded as devaluation (impairment) losses and recorded on the statements of operations. Held-to-maturity and available-for-sale securities without readily obtainable fair values are stated at amortized cost. For the purpose of computing realized gains and losses, the cost is determined on the moving-average method.

Taiyo Life has set up policy reserve-matching bonds. The purpose of the policy reserve-matching bonds is to reflect Taiyo Life's Asset Liability Management (ALM) activity in its financial statements. Taiyo Life holds these bonds to hedge the interest rate risk arising from contracted insurance policies. Policy reserve-matching bonds are not stated at fair market value but are stated at amortized cost, matching with the accounting treatment of the policy reserve of insurance policies. For the purpose of computing realized gains and losses, cost is determined by the moving-average method.

Taiyo Life's management and investment policies for policy reserve-matching bonds include risk management guidelines for monitoring such bonds. Based on the guidelines, Taiyo Life categorizes insurance policies into (1) all policies except for "group insurance policies" and "other insurance policies" with respect to general assets, (2) all policies for "defined contribution corporate pension insurance" and "group pure endowment insurance" policies with respect to group annuity insurance assets, and (3) all policies with respect to single premium whole life insurance assets.

**(e) Reserve for possible loan losses**

The reserve for possible loan losses is established in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines. With respect to loans to borrowers subject to bankruptcy and similar proceedings, the Three Life Insurance Companies provide specific reserves in the amount of the loan balance less amounts collectible from collateral, guarantees and by other means. For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, management determines and provides for the necessary specific reserve amount based on an overall assessment of the borrowers' ability to pay after subtracting the amount collectible from collateral, guarantees and by other means. With respect to other loans, the Three Life Insurance Companies provide for a general reserve by applying the historical loan-loss ratio determined over a fixed period. Each loan is subject to asset assessment by the business-related division in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines, and the results of the assessment are reviewed by the internal auditing division, which is independent from the business-related division, before the reserve amount is finally determined.

Other consolidated subsidiaries also establish reserves for possible loan losses using the procedures in the same manner as the Three Life Insurance Companies. The provision of the reserve is based on the results of self-assessment procedures and also provides for an amount, if considered necessary by management, by applying the historical loan-loss ratio determined over a fixed period.

**(f) Reserve for price fluctuations**

Pursuant to requirements under Article 115 of the Insurance Business Law, the Three Life Insurance Companies maintain a reserve for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce deficits arising from price fluctuations on those assets.

**(g) Policy reserve**

Pursuant to requirements under Article 116 of the Insurance Business Law, the Three Life Insurance Companies maintain a policy reserve for the fulfilment of future obligations under life insurance contracts. The reserve of the accompanying consolidated financial statements is established pursuant to the net level premium method. This method assumes a constant or level amount of net insurance premiums over the term of the relevant policy in calculating the amount of the reserve required to fund all future policy benefits. The net insurance premium is the portion of the premium covering insurance underwriting risk, based on factors such as mortality rates, investment yield and policy cancellation rates, and excluding the portion covering administrative expenses. The net level premium reserve is calculated using interest and mortality rates set by the Financial Services Agency. For policies issued after April 2007, the net level premium reserve is calculated using an annual 1.5% interest rate and the mortality rate specified in the Life Insurance Companies Standard Mortality Table 2007.

In addition to the above, to provide for any extraordinary risks which might arise in the future, the Three Life Insurance Companies are required to maintain a contingency reserve at an amount determined based on requirements under the Insurance Business Law.

**(h) Reserve for bonus to directors and corporate auditors**

To provide for payment of the bonus to directors and corporate auditors, the Company and its consolidated subsidiaries set up a reserve for directors' and corporate auditors' bonus based on the expected amount to be paid in the year ended March 31, 2008.

**(i) Reserve for employees' retirement benefits**

The Company and its consolidated subsidiaries maintain noncontributory defined benefit plans covering substantially all employees. Under the plans, qualified employees are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement or termination of employment for reasons other than dismissal.

The Company and its consolidated subsidiaries set up a reserve for employees' retirement benefits under the defined benefit plans based on the actuarial calculation value of the retirement benefit obligations and the pension assets. The attribution of retirement benefits to periods of employees' service is made based on the benefit/years of service approach.

Net obligation at translation on the employees' retirement benefits plan due to the change of rules for some employees' retirement benefits by Taiyo Life is recorded on statements of operations for the year ended March 31, 2008.

Net actuarial gains and losses on the employees' retirement benefits plan are recorded on statements of operations when incurred.

**(j) Reserve for directors' and corporate auditors' retirement benefits**

The Company and certain domestic consolidated subsidiaries have maintained retirement benefit plans covering all directors and corporate auditors. Under the plans, all directors and corporate auditors are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement.

The Company and these certain domestic consolidated subsidiaries set up a reserve for directors' and corporate auditors' retirement benefits under the defined benefit plans based on an actuarial calculation of the value of the retirement benefit obligations. The attribution of retirement benefits to periods of consignees' service is made based on the benefit/years of service approach.

**(k) Income taxes**

The Company has adopted the consolidated corporate tax system. The consolidated corporate tax system allows companies to pay taxes based on the combined profits or losses of a parent company and its wholly owned domestic subsidiaries. Due to the adoption of the consolidated corporate tax system, a portion of valuation allowance for deferred tax assets was reduced in respect of certain consolidated subsidiaries' tax loss carryforwards for which there had been uncertainty regarding realization.

The provision for income taxes is based on income recognized for financial statement purposes, which includes deferred income taxes representing the effects of temporary differences between income recognized for financial reporting purposes and income tax purposes. Deferred tax assets and liabilities are determined based on the difference between assets and liabilities for financial reporting purposes and tax purposes using the statutory tax rate.

### (l) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method for buildings acquired on and after April 1, 1998 and by the declining-balance method for other property and equipment, based on estimated useful lives ranging from 3 to 50 years for buildings and improvements and from 2 to 20 years for equipment.

Depreciation method used for tangible fixed assets acquired on and after April 1, 2007 has been changed based on an amendment in corporate tax law. As a result of the change, ordinary profit and income before income taxes decreased by ¥68 million ($680 thousand) for the year ended March 31, 2008.

As for tangible fixed assets acquired on and before March 31, 2007, residual value has been depreciated under the straight-line method over five years from the year after tangible fixed assets are thoroughly depreciated to the limits of depreciable amount. As a result of the change, ordinary profit and income before income taxes decreased by ¥275 million ($2,752 thousand) for the year ended March 31,2008.

### (m) Software

Development costs for internal-use software, which are included in intangible fixed assets, are capitalized and amortized under the straight-line method over their estimated useful lives of 5 years.

### (n) Leases

Under the Japanese accounting standards for leases, finance leases that have been deemed to transfer ownership of the leased property to the lessee ("ownership-transfer finance lease") are capitalized by the lessee, while other finance leases ("nonownership-transfer finance lease") are permitted to be accounted for as operating lease transactions.

The Company and its consolidated subsidiaries treat all nonownership-transfer finance leases as operating leases. Accordingly, leased assets with respect to nonownership-transfer finance leases where the Company is the lessee are not recognized in the accompanying consolidated balance sheets and lease payments are charged to expense when incurred. Nonownership-transfer finance leases where the Company is lessor are not treated as finance transactions and related leased assets are included in other assets in the accompanying consolidated balance sheets. Depreciation of leased assets is computed by the straight-line method over the respective lease period. Lease income is recognized when incurred.

### (o) Land revaluation

Taiyo Life revalued its land for operating purposes as of March 31, 2002, as permitted by the Land Revaluation Law, which became effective in 1998. In accordance with provisions under this law and related ordinances, the revaluation is a one-time event and subsequent valuation gains or losses after the initial revaluation are not reflected in the consolidated financial statements but are disclosed if additional valuation losses are subsequently recognized after the initial revaluation. Net revaluation gains or losses are not recorded on statements of operations but are reported as a separate component of net assets, net of income taxes. In case the Company sells a part of such revalued land, related revaluation gains or losses are transferred to retained earnings. Book values of land for operating use before and after revaluation as of March 31, 2002 were ¥143,340 million and ¥110,220 million, respectively.

**(p) Derivative financial instruments**

Changes in the fair values of the derivatives designated and qualifying as hedges are either charged to income, reported as other assets/liabilities in the consolidated balance sheets, or not recognized based on whether such hedges are considered a fair value, cash flow or special hedge. Derivative financial instruments designated in special hedge relationships are not revalued but the contractual rates of the derivative financial instruments are reflected in income or expense measurement of the hedged items. Changes in fair value of derivatives designated as fair value hedges of assets and liabilities are recognized in income as an offset to the fair value adjustments of the related hedged items. The fair value of instruments hedging anticipated transactions and referred to as cash flow hedges are recognized in the consolidated balance sheets and are reclassified into income when the related hedged item impacts income.

The effectiveness of the hedging is measured by reference to the market fluctuations or the cash flow fluctuations as they affect the particular hedged item and hedging instrument.

Taiyo Life uses deferral hedge and fair value hedge. The special treatment for interest rate swaps is applied only where the interest rate swaps satisfy the requirements for hedge accounting. The hedge instruments and hedge items for Taiyo Life are follows:

| | | |
|---|---|---|
| a. | Hedge instrument: | Interest rate swaps |
| | Hedge item: | Loans and bonds |
| b. | Hedge instrument: | Foreign exchange contracts |
| | Hedge item: | Foreign currency-denominated assets |
| c. | Hedge instrument: | Individual stock options |
| | Hedge item: | Domestic equities |
| d. | Hedge instrument: | Margin transactions |
| | Hedge item: | Domestic equities |
| e. | Hedge instrument: | Forward trading |
| | Hedge item: | Domestic equities |

Taiyo Life measures hedge effectiveness semi-annually using the method comparing the variability of the cash flow of the hedging instrument to the variability of the cash flow of the hedged item. However, Taiyo Life omits the test of hedge effectiveness of special treatment for interest rate swaps, same currency interest rate swaps, and individual stock options, margin transactions and forward trading with domestic equities as hedged items.

Daido Life uses fair value hedge and deferral hedge. The assignment accounting for foreign exchange contracts with certificates of deposit in foreign currency as the hedge item is applied only where the hedge instrument satisfy the requirements. The hedge instruments and hedge items for Daido Life are follows:

| | | |
|---|---|---|
| a. | Hedge instrument: | Foreign exchange contracts |
| | Hedge item: | Foreign currency-denominated available-for-sale securities and certificates of deposit |
| b. | Hedge instrument: | Interest rate swaps |
| | Hedge item: | Available-for-sale bonds |

Daido Life measured the hedge effectiveness and determined that interest rate swaps to which deferral hedge was used had not fulfilled the requirement of application of the hedge accounting, thus, the hedge accounting for the interest rate swaps was no longer applied for the year ended March 31, 2008.

There is no impact from the above change on the consolidated balance sheets.

**(q) Accounting for consumption taxes**

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income and expenses. The net of consumption taxes received and paid are separately recorded on the consolidated balance sheets. Where consumption taxes paid are not fully credited against consumption taxes received, the noncredited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain noncredited portions of consumption taxes paid, such as the purchase of property and equipment, are not charged to expense but are deferred as prepaid expenses and amortized against income over a five-year period on a straight-line basis.

**(r) Amortization of goodwill**

Goodwill is fully amortized when incurred.

**(s) Cash and cash equivalents**

Cash equivalents consist of highly liquid investments without significant market risk, such as demand deposits and short-term investments with an original maturity of three months or less.

**(t) Net assets per share**

Net assets per share is computed based on the number of shares of common stock outstanding at the end of each fiscal year.

**(u) Net income per share**

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each fiscal year.

**(v) Appropriation of retained earnings**

As in the past, the Company continues an annual dividend payment approved by the Ordinary Shareholders' Meeting. According to the Articles of Incorporation, semiannual interim dividend payment may be made by the resolution of the Board of Directors.

## 2. U.S. Dollar Amounts

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥100.19 = U.S.$1, which is the approximate rate prevailing at March 31, 2008. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

## 3. Loans

Delinquent loans of the Company and its consolidated subsidiaries as of March 31, 2008 and 2007 are summarized as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Loans to bankrupt companies | ¥ 472 | ¥ 559 | $ 4,714 |
| Past due loans | 2,333 | 2,873 | 23,294 |
| Loans overdue for three months or more | 3,854 | 4,165 | 38,468 |
| Restructured loans | 342 | 406 | 3,415 |
| Total | ¥ 7,002 | ¥ 8,004 | $ 69,893 |

"Loans to bankrupt companies" are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company and its consolidated subsidiaries have stopped accruing interest after determining that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.

"Past due loans" are loans, other than those categorized as "Loans to bankrupt companies" and loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting of the borrower, on which the Company and its consolidated subsidiaries have stopped accruing interest based on self-assessment.

"Loans overdue for three months or more" are loans other than those categorized as "Loans to bankrupt companies" or "Past due loans" for which principal and/or interest are overdue for three months or more.

"Restructured loans" are loans other than those categorized as "Loans to bankrupt companies," "Past due loans" or "Loans overdue for three months or more" for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting of the borrower.

With respect to "Loans to bankrupt companies" and "Past due loans" that are covered by collateral and guarantees, the Company and its consolidated subsidiaries write-off the portion of such loans that is not collectable from collateral and guarantees, and charges such amounts to the reserve for possible loan losses. Write-offs relating to bankrupt companies for the years ended March 31, 2008 and 2007 amounted to ¥255 million ($2,554 thousand) and ¥6 million, respectively. Past due loans decreased due to write-offs ¥275 million ($2,747 thousand) and ¥240 million for the years ended March 31, 2008 and 2007, respectively.

The Company and its consolidated subsidiaries' outstanding loan commitments with borrowers as of March 31, 2008 and 2007 are summarized as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Total loan commitments | ¥ 7,000 | ¥ 2,500 | $ 69,867 |
| Less amount drawn down | 4,754 | 336 | 47,453 |
| Unused loan commitments | ¥ 2,245 | ¥ 2,163 | $ 22,413 |

Based on the loan commitment agreements, the extension of credit is subject to the Company and its consolidated subsidiaries' review procedures. The review procedures consist ensuring the use of funds and assessing the creditworthiness of the borrower. Since not all of the outstanding commitments will be drawn down, the outstanding commitment amounts do not necessarily represent future cash requirements.

## 4. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2008 and 2007 were ¥204,777 million ($2,043,892 thousand) and ¥203,137 million, respectively.

## 5. Separate Accounts

The consolidated balance sheets include ¥730,066 million ($7,286,820 thousand) and ¥786,065 million of assets and liabilities in equal amounts related to separate accounts as of March 31, 2008 and 2007, respectively.

Separate account assets and liabilities reported in the accompanying consolidated balance sheets represent funds that are administered and invested by the Three Life Insurance Companies to meet specific investment objectives of the policyholders. All gains and losses relating to separate account assets and liabilities are offset by a corresponding provision for or reversal of policy reserve and do not affect the Three Life Insurance Companies' net income. Separate accounts are established in conformity with the Insurance Business Law. The assets of each account are separately managed to identify investment results of each such account, although they are not legally segregated in terms of their treatment in case of bankruptcy of the insurance company.

Securities invested under the separate accounts are deemed as trading securities and stated at fair value. Cost is determined by the moving-average method.

## 6. Reserve for Policyholder Dividends

An analysis of the reserve for policyholder dividends included in policy reserves for the years ended March 31, 2008 and 2007 is as follows:

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Balance at beginning of period | ¥ 197,357 | ¥ 196,698 | $ 1,969,829 |
| Policyholder dividends | (56,808) | (56,763) | (567,007) |
| Increase in interest | 916 | 947 | 9,145 |
| Increase due to other reasons | 24 | - | 244 |
| Decrease due to other reasons | - | (7) | - |
| Provision for reserve for policyholder dividends | 45,384 | 56,481 | 452,983 |
| Balance at end of period | ¥ 186,873 | ¥ 197,357 | $ 1,865,195 |

## 7. Subordinated Bonds

Taiyo Life issued domestic unsecured subordinated notes with an early redeemable option (the "Notes"). Taiyo Life, by way of the issuance of the Notes, intends to enhance its solvency margin ratio as well as develop its relationship with domestic market investors, with a focus on investors in Japan.

The bankruptcy, commencement of corporate reorganization proceedings and commencement of civil rehabilitation proceedings are subordination events for the Notes. When a subordination event occurs, the principal amount and interest of the Notes will not be paid until the conditions for suspension are completed.

A description of the Notes is shown below:

| | As of March 31, 2008 and 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Subscription date | Opening balance | Ending balance | Offered rate | Guarantee | Maturity |
| | | *(Millions of yen)* | | | | |
| Series 1 | November 14, 2003 | ¥20,000 | ¥20,000 | 1.75% | Unsecured | November 19, 2013 |

The offered rate is 1.75% until November 19, 2008 and 2.4% plus the offered rate per annum for six-month Japanese yen deposits thereafter and redeemable at the option of Taiyo Life on November 19, 2008 and on each interest payment date thereafter.

## 8. Other Liabilities

Other liabilities included ¥35,000 million ($349,336 thousand) and ¥35,000 million of subordinated borrowings as of March 31, 2008 and 2007, respectively.

## 9. Commitments

The amounts of future contributions to the Policyholder Protection Corporation, which are estimated in accordance with Article 259 of the Insurance Business Law, were ¥30,576 million ($305,182 thousand) and ¥31,557 million as of March 31, 2008 and 2007, respectively. The contributions are recorded on statements of operation as an operating expense when paid, as the amount of future contributions is not yet fixed.

A total of ¥134,845 million ($1,345,893 thousand) and ¥145,797 million of the Three Life Insurance Companies' investments in securities was mainly pledged as collateral for the overdraft limit of exclusive account of real-time gross settlement of government bonds with the Bank of Japan, the benefit of the Policyholder Protection Corporation to secure such future contributions and as a substitution of collateral for margin trading and margin for futures contracts as of March 31, 2008 and 2007, respectively.

## 10. Organizational Change Surplus

The organizational change surplus, which is the portion of net assets attributable to contributions by past policyholders as of the date of the demutualization of Taiyo Life and Daido Life and whose distribution is restricted by Article 91 of the Insurance Business Law, amounted to ¥63,158 million ($630,386 thousand) and ¥10,836 million ($108,158 thousand) as of March 31, 2008, respectively.

## 11. Investments in Affiliates

Securities included ¥240 million ($2,397 thousand) and ¥213 million of investments in affiliates as of March 31, 2008 and 2007, respectively.

## 12. Impairment Loss

Impairment loss relating to fixed assets as of March 31, 2008 is as follows:

(1) Categorization of assets

The Three Life Insurance Insurance Companies categorize real estate owned for insurance marketing purposes as a single asset group. Other assets such as lease property and unused real estate are categorized separately. The other consolidated subsidiaries categorize real estate on a company by company basis.

(2) Background of impairment loss

Because of decreases in fair market value and rental income, impairment loss was recognized as the difference between the existing book value and recoverable amount. This decrease is reported in extraordinary losses as "Impairment loss."

(3) Impairment loss per asset group

| Asset | Category | Location, etc. | Impairment loss | | | |
|---|---|---|---|---|---|---|
| | | | Land | Buildings | Total | |
| | | | *(Millions of yen)* | | | *(Thousands of U.S. dollars)* |
| Lease assets | Land and buildings | 4 assets, including Utsunomiya City, Tochigi Prefecture | ¥199 | ¥149 | ¥349 | $3,485 |

(4) Calculation method of recoverable amount

The recoverable amount is based on the use value and the net realizable value. The use value is calculated by discounting future cash flows at 6.70%. In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from appraisal value calculated in accordance with the real estate appraisal standard.

## 13. Consolidated Statements of Changes in Net Assets

(1) Type and number of shares issued and treasury shares

| | Number of shares as of the previous fiscal year-end | Number of shares increased in the fiscal year | Number of shares decreased in the fiscal year | Number of shares as of the fiscal year-end |
|---|---|---|---|---|
| Shares issued: | | | | |
| Common stock | 246,330,000 | - | - | 246,330,000 |
| Treasury stock: | | | | |
| Common stock | 78,848 | 21,607 | 2,240 | 98,215 |

Note 1: Treasury stock increased 21,607 shares by purchasing odd-lot shares.

Note 2: Treasury stock decreased 2,240 shares by accepting requests of adding to holding odd-lot shares.

(2) Information of shareholder dividends

The amount of policyholder dividends is as follows:

| Date of resolution | Type of shares | Total amount of shareholder dividends | | Shareholder dividends per share | | Record Date | Effective date |
|---|---|---|---|---|---|---|---|
| | | *(Millions of yen)* | *(Thousands of U.S. dollars)* | *(Yen)* | *(U.S. dollars)* | | |
| Ordinary shareholders' meeting held on June 27, 2007 | Common stocks | ¥16,006 | $159,759 | ¥65 | $0.64 | March 31, 2007 | June28, 2007 |

The amount of policyholder dividends that is affected in the year ending March 31, 2009 while its record date is in the year ended March 31, 2008 is as follows:

| Date of resolution | Type of shares | Amount of shareholder dividends | | Underlying assets | Shareholder dividends per share | | Record date | Effective Date |
|---|---|---|---|---|---|---|---|---|
| | | *(Millions of yen)* | *(Thousands of U.S. dollars)* | | *(Yen)* | *(U.S. dollars)* | | |
| Ordinary shareholders' meeting held on June 26, 2008 | Common stocks | ¥16,005 | $159,747 | Retained earnings | ¥65 | $0.64 | March 31, 2008 | June 27, 2008 |

Note: This agenda will be presented in ordinary shareholders' meeting held on June 26, 2008.

## 14. Consolidated Statements of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statements of cash flows to cash and cash deposits as stated in the consolidated balance sheets as of March 31, 2008 and 2007:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Cash and deposits | ¥ 308,428 | ¥ 419,874 | $ 3,078,440 |
| Less: deposits with an original maturity of more than three months | (1,540) | (90) | (15,370) |
| Call loans | 279,800 | 340,800 | 2,792,693 |
| Monetary claims purchased | 430,592 | 450,533 | 4,297,763 |
| Less: monetary claims purchased other than cash and cash equivalents | (325,474) | (269,413) | (3,248,576) |
| Securities purchased | 9,244,528 | 9,870,253 | 92,269,975 |
| Less: securities purchased other than cash and cash equivalents | (8,953,739) | (9,594,912) | (89,367,595) |
| Cash and cash equivalents | ¥ 982,596 | ¥ 1,217,045 | $ 9,807,331 |

## 15. Segment Information

Segment information is not required to be disclosed, as ordinary revenues and total assets related to the Company and its consolidated subsidiaries' insurance business in Japan exceed 90% of the total amounts of both ordinary revenues and total assets.

## 16. Lease Transactions

Information regarding nonownership-transfer finance leases were as follows:

(1) As lessee

Pro forma information of nonownership-transfer finance leases contracted as a lessee, such as acquisition cost and related accumulated depreciation of leased assets, obligation under finance leases, depreciation expense and interest expense of finance leases, which is required under Japanese accounting standards for leases as of March 31, 2008 and 2007 is summarized as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Tangible fixed assets: | | | |
| Acquisition cost | ¥ 160 | ¥ 124 | $ 1,606 |
| Accumulated depreciation | (56) | (43) | (565) |
| Net carrying value | ¥ 104 | ¥ 80 | $ 1,040 |
| Other: | | | |
| Acquisition cost | ¥ 131 | ¥ 131 | $ 1,317 |
| Accumulated depreciation | (51) | (25) | (518) |
| Net carrying value | ¥ 80 | ¥ 106 | $ 798 |
| Total: | | | |
| Acquisition cost | ¥ 292 | ¥ 256 | $ 2,923 |
| Accumulated depreciation | (108) | (69) | (1,084) |
| Net carrying value | ¥ 184 | ¥ 187 | $ 1,839 |

Obligations under finance leases as of March 31, 2008 and 2007 were as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Due within one year | ¥ 66 | ¥ 50 | $ 668 |
| Due after one year | 120 | 138 | 1,202 |
| Total | ¥ 187 | ¥ 188 | $ 1,870 |

Total payments for nonownership-transfer finance leases for the years ended March 31, 2008 and 2007 were ¥65 million ($648 thousand) and ¥48 million, respectively.

Depreciation and imputed interest cost, which are not reflected in the accompanying consolidated statements of operations, for the years ended March 31, 2008 and 2007 were as follows:

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | *(Millions of yen)* | | *(Thousands of U.S. dollars)* |
| Depreciation | ¥ 61 | ¥ 45 | $ 617 |
| Imputed interest cost | 4 | 3 | 45 |

Depreciation is computed by the straight-line method over the respective lease period. The residual value at the end of the lease period is not considered for the calculation of depreciation. Imputed interest cost is computed by the interest method.

Future minimum lease payments on operating leases as of March 31, 2008 and 2007 were as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Due within one year | ¥ 1 | ¥ 0 | $ 11 |
| Due after one year | 1 | - | 19 |
| Total | ¥ 3 | ¥ 0 | $ 30 |

(2) As lessor

Information of nonownership-transfer finance leases contracted as a lessor, required under Japanese accounting standards, as of March 31, 2008 and 2007 is summarized as follows.

Leased assets included in the accompanying consolidated balance sheets accounted for under operating lease accounting are summarized as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Other: | | | |
| Acquisition cost | ¥ 55,963 | ¥ 52,920 | $ 558,578 |
| Accumulated depreciation | (30,607) | (30,223) | (305,498) |
| Net carrying value | ¥ 25,356 | ¥ 22,697 | $ 253,080 |

The amounts equivalent to the minimum lease payments to be received as of March 31, 2008 and 2007 were as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Due within one year | ¥ 8,497 | ¥ 7,618 | $ 84,814 |
| Due after one year | 24,037 | 21,887 | 239,914 |
| Total | ¥ 32,534 | ¥ 29,505 | $ 324,728 |

Gross lease income, recovery to the principal amount and net lease income if the Company applied finance lease accounting to nonownership-transfer finance leases for the years ended March 31, 2008 and 2007 would have been as follows:

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Gross lease income | ¥ 8,677 | ¥ 8,612 | $ 86,607 |
| Recovery of principal amount | 7,348 | 7,585 | 73,349 |
| Net lease income | 1,487 | 1,447 | 14,842 |

Imputed interest cost is computed by the interest method.

## 17. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to corporate (national) and inhabitants (local) taxes based on income. The footnote disclosure of reconciliation between the enacted tax rate and the corporate tax rate is as follows:

| | Years ended March 31 | |
|---|---|---|
| | 2008 | 2007 |
| | (%) | |
| Statutory tax rate | **36.1%** | 36.1% |
| Valuation allowance | **14.9** | 4.1 |
| Permanent difference items including entertainment expense, etc. | **1.0** | 1.3 |
| Other, net | **1.4** | 1.8 |
| Effective tax rate | **53.4%** | 43.3% |

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries as of March 31, 2008 and 2007 are summarized below:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2007 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Deferred tax assets: | | | |
| Policy reserves | ¥ **102,394** | ¥ 90,863 | $ **1,022,006** |
| Reserve for price fluctuations | **49,561** | 37,746 | **494,678** |
| Unrealized gains on available-for-sale securities | **42,443** | 9,959 | **423,632** |
| Reserve for employees' retirement benefits | **42,219** | 41,556 | **421,397** |
| Devaluation losses on securities | **18,687** | 10,021 | **186,517** |
| Deferred losses on disposal and devaluation of fixed assets | **4,536** | 4,322 | **45,279** |
| Tax loss carryforward | **4,515** | 4,257 | **45,070** |
| Reserve for bonus payments | **3,352** | 3,321 | **33,459** |
| Reserve for possible loan losses | **1,427** | 1,405 | **14,250** |
| Other | **10,051** | 8,770 | **100,325** |
| Subtotal | **279,191** | 212,222 | **2,786,616** |
| Valuation allowance | **(27,715)** | (15,956) | **(276,631)** |
| Total deferred tax assets | **251,475** | 196,266 | **2,509,984** |
| Deferred tax liabilities: | | | |
| Unrealized gains on available-for-sale securities | **(181,633)** | (393,539) | **(1,812,885)** |
| Accrued dividend income | **(2,003)** | (1,757) | **(19,993)** |
| Deferred gain on reduction of book value of real estate | **(900)** | (908) | **(8,986)** |
| Other | **(530)** | (469) | **(5,292)** |
| Total deferred tax liabilities | **(185,066)** | (396,674) | **(1,847,158)** |
| Net deferred tax asset | ¥ **66,408** | ¥ (200,408) | $ **662,826** |
| Amounts recognized in consolidated balance sheet: | | | |
| Assets | ¥ **66,441** | ¥ 770 | $ **663,150** |
| Liabilities | **10** | 201,178 | **105** |
| | ¥ **66,430** | ¥ (200,408) | $ **663,044** |

## 18. Investments in Securities

(1) As of March 31, 2008

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

| Carrying amount | Valuation difference charged to earnings-losses | Carrying amount | Valuation difference charged to earnings-losses |
|---|---|---|---|
| *(Millions of yen)* | | *(Thousands of U.S. dollars)* | |
| ¥ 865,517 | ¥ (152,351) | $ 8,638,764 | $ (1,520,621) |

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 259,211 | ¥ 263,286 | ¥ 4,075 |
| Municipal bonds | 23,068 | 23,877 | 809 |
| Corporate bonds | 77,317 | 78,939 | 1,621 |
| Total domestic bonds | 359,597 | 366,103 | 6,505 |
| Foreign bonds | - | - | - |
| Other securities | 116,181 | 119,246 | 3,065 |
| Total | 475,779 | 485,350 | 9,571 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | 95,463 | 93,933 | (1,530) |
| Municipal bonds | 1,183 | 1,136 | (47) |
| Corporate bonds | 55,648 | 55,227 | (420) |
| Total domestic bonds | 152,295 | 150,297 | (1,998) |
| Foreign bonds | - | - | - |
| Other securities | 25,233 | 25,187 | (45) |
| Total | 177,529 | 175,485 | (2,044) |
| Grand total | ¥ 653,309 | ¥ 660,835 | ¥ 7,526 |

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | *(Thousands of U.S. dollars)* | | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | $ 2,587,197 | $ 2,627,873 | $ 40,676 |
| Municipal bonds | 230,250 | 238,327 | 8,076 |
| Corporate bonds | 771,712 | 787,896 | 16,183 |
| Total domestic bonds | 3,589,160 | 3,654,096 | 64,936 |
| Foreign bonds | - | - | - |
| Other securities | 1,159,613 | 1,190,207 | 30,593 |
| Total | 4,748,773 | 4,844,304 | 95,530 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | 952,824 | 937,549 | (15,274) |
| Municipal bonds | 11,816 | 11,342 | (474) |
| Corporate bonds | 555,430 | 551,229 | (4,201) |
| Total domestic bonds | 1,520,070 | 1,500,120 | (19,950) |
| Foreign bonds | - | - | - |
| Other securities | 251,860 | 251,401 | (458) |
| Total | 1,771,931 | 1,751,522 | (20,408) |
| Grand total | $ 6,520,705 | $ 6,595,826 | $ 75,121 |

Note: Other securities include certificates of deposits amounting to ¥2,000 million ($19,962 thousand) that are shown as cash and deposits, commercial paper amounting to ¥25,969 million ($259,205 thousand) and beneficiary trust certificates amounting to ¥113,445 million ($1,132,306 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2008 are summarized as follows:

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 775,279 | ¥ 800,112 | ¥ 24,832 |
| Municipal bonds | 267,403 | 275,599 | 8,195 |
| Corporate bonds | 532,070 | 548,480 | 16,410 |
| Total | 1,574,753 | 1,624,192 | 49,438 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | - | - | - |
| Municipal bonds | 2,397 | 2,340 | (56) |
| Corporate bonds | 27,602 | 27,492 | (110) |
| Total | 29,999 | 29,833 | (166) |
| Grand total | ¥ 1,604,753 | ¥ 1,654,025 | ¥ 49,272 |

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | *(Thousands of U.S. dollars)* | | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | $ 7,738,094 | $ 7,985,952 | $ 247,857 |
| Municipal bonds | 2,668,961 | 2,750,765 | 81,804 |
| Corporate bonds | 5,310,616 | 5,474,406 | 163,789 |
| Total | 15,717,672 | 16,211,124 | 493,451 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | - | - | - |
| Municipal bonds | 23,928 | 23,363 | (565) |
| Corporate bonds | 275,502 | 274,401 | (1,101) |
| Total | 299,431 | 297,764 | (1,666) |
| Grand total | $16,017,103 | $16,508,889 | $ 491,785 |

Available-for-sale securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

| | Acquisition cost | Carrying amount | Difference |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with carrying amount exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 541,999 | ¥ 554,477 | ¥ 12,477 |
| Municipal bonds | 894,965 | 908,591 | 13,625 |
| Corporate bonds | 1,068,116 | 1,088,830 | 20,714 |
| Total domestic bonds | 2,505,081 | 2,551,899 | 46,817 |
| Domestic equities | 406,037 | 753,118 | 347,080 |
| Foreign securities: | | | |
| Foreign bonds | 390,914 | 407,339 | 16,425 |
| Foreign equities | 34,328 | 50,580 | 16,252 |
| Foreign other securities | 113,180 | 117,786 | 4,605 |
| Total foreign securities | 538,423 | 575,706 | 37,283 |
| Other securities | 511,327 | 563,134 | 51,806 |
| Total | 3,960,870 | 4,443,858 | 482,988 |
| **Items with carrying amount not exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | 323,484 | 321,819 | (1,664) |
| Municipal bonds | 10,986 | 10,885 | (101) |
| Corporate bonds | 277,151 | 273,847 | (3,303) |
| Total domestic bonds | 611,621 | 606,552 | (5,068) |
| Domestic equities | 206,223 | 184,487 | (21,736) |
| Foreign securities: | | | |
| Foreign bonds | 368,646 | 358,368 | (10,278) |
| Foreign equities | 41,001 | 36,049 | (4,952) |
| Foreign other securities | 230,926 | 205,763 | (25,162) |
| Total foreign securities | 640,574 | 600,181 | (40,392) |
| Other securities | 597,984 | 557,192 | (40,792) |
| Total | 2,056,404 | 1,948,414 | (107,990) |
| Grand total | ¥ 6,017,274 | ¥ 6,392,273 | ¥ 374,998 |

| | Acquisition cost | Carrying amount | Difference |
|---|---|---|---|
| | *(Thousands of U.S. dollars)* | | |
| **Items with carrying amount exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | $ 5,409,714 | $ 5,534,257 | $ 124,543 |
| Municipal bonds | 8,932,686 | 9,068,684 | 135,997 |
| Corporate bonds | 10,660,909 | 10,867,660 | 206,751 |
| Total domestic bonds | 25,003,311 | 25,470,602 | 467,291 |
| Domestic equities | 4,052,679 | 7,516,900 | 3,464,221 |
| Foreign securities: | | | |
| Foreign bonds | 3,901,727 | 4,065,670 | 163,943 |
| Foreign equities | 342,632 | 504,847 | 162,214 |
| Foreign other securities | 1,129,661 | 1,175,630 | 45,969 |
| Total foreign securities | 5,374,021 | 5,746,149 | 372,127 |
| Other securities | 5,103,576 | 5,620,662 | 517,085 |
| Total | 39,533,588 | 44,354,315 | 4,820,727 |
| **Items with carrying amount not exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | 3,228,707 | 3,212,096 | (16,610) |
| Municipal bonds | 109,656 | 108,646 | (1,010) |
| Corporate bonds | 2,766,257 | 2,733,284 | (32,973) |
| Total domestic bonds | 6,104,620 | 6,054,026 | (50,593) |
| Domestic equities | 2,058,325 | 1,841,374 | (216,951) |
| Foreign securities: | | | |
| Foreign bonds | 3,679,476 | 3,576,887 | (102,588) |
| Foreign equities | 409,233 | 359,807 | (49,426) |
| Foreign other securities | 2,304,884 | 2,053,737 | (251,147) |
| Total foreign securities | 6,393,594 | 5,990,432 | (403,161) |
| Other securities | 5,968,508 | 5,561,359 | (407,148) |
| Total | 20,525,049 | 19,447,193 | (1,077,855) |
| Grand total | $ 60,058,637 | $ 63,801,509 | $ 3,742,871 |

Note 1: Other securities include certificates of deposits amounting to ¥62,000 million ($618,824 thousand) that are shown as cash and deposits, commercial paper amounting to ¥100,127 million ($999,376 thousand) and beneficiary trust certificates amounting to ¥187,600 million ($1,872,448 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2008totaled ¥25,453 million ($254,048 thousand) and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

Gross gains of ¥100,439 million ($1,002,493 thousand) and gross losses of ¥56,587 million ($564,803 thousand) were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥1,471,773 million ($14,689,828 thousand) for the year ended March 31, 2008.

Gross gains of ¥2,035 million ($20,321 thousand) and gross losses of ¥5,636 million ($56,256 thousand) were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥471,443 ($4,705,496 thousand) for the year ended March 31, 2008.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2008.

Securities without readily obtainable fair value held by the Company as of March 31, 2008 are summarized as follows:

| | Carrying amount | |
|---|---|---|
| | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| Available-for-sale securities: | | |
| Unlisted stocks | ¥ 34,157 | $ 340,929 |
| Foreign securities/unlisted stocks | 3,876 | 38,688 |
| Foreign securities/other securities | 147,128 | 1,468,492 |
| Other securities | 34,656 | 345,906 |
| Total | ¥ 219,818 | $ 2,194,016 |

The Company has not reclassified certain securities for the year ended March 31, 2008.

The carrying value of bonds classified as available-for-sale and held-to-maturity securities at March 31, 2008, by contractual maturity date, is as follows:

| | Due in one year or less | Dues after one year through five years | Due after five years through 10 years | Due after 10 years |
|---|---|---|---|---|
| | *(Millions of yen)* | | | |
| Government bonds | ¥ 660,697 | ¥ 373,236 | ¥ 300,122 | ¥ 672,640 |
| Municipal bonds | 198,476 | 535,667 | 387,139 | 92,246 |
| Corporate bonds | 191,496 | 773,970 | 499,885 | 573,169 |
| Domestic equities | - | - | 2,000 | - |
| Foreign bonds | 72,710 | 320,324 | 233,081 | 133,162 |
| Foreign equities | - | 3,009 | 2,908 | - |
| Other foreign securities | 2,536 | 57,756 | 125,738 | 61,206 |
| Other securities | 190,345 | 28,677 | 27,757 | 286,414 |
| Total | ¥ 1,316,263 | ¥ 2,092,641 | ¥ 1,578,633 | ¥ 1,818,839 |

| | Due in one year or less | Dues after one year through five years | Due after five years through 10 years | Due after 10 years |
|---|---|---|---|---|
| | *(Thousands of U.S. dollars)* | | | |
| Government bonds | $ 6,594,446 | $ 3,725,288 | $ 2,995,528 | $ 6,713,647 |
| Municipal bonds | 1,980,999 | 5,346,513 | 3,864,056 | 920,717 |
| Corporate bonds | 1,911,333 | 7,725,026 | 4,989,373 | 5,720,821 |
| Domestic equities | - | - | 19,962 | - |
| Foreign bonds | 725,728 | 3,197,166 | 2,326,394 | 1,329,103 |
| Foreign equities | - | 30,034 | 29,033 | - |
| Other foreign securities | 25,320 | 576,473 | 1,255,001 | 610,899 |
| Other securities | 1,899,849 | 286,229 | 277,044 | 2,858,710 |
| Total | $ 13,137,678 | $ 20,886,731 | $ 15,756,394 | $ 18,153,900 |

(2) As of March 31, 2007

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2007 are summarized as follows:

| Carrying amount | Valuation difference charged to earnings-losses |
|---|---|
| *(Millions of yen)* | |
| ¥ 944,537 | ¥ (113) |

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2007 are summarized as follows:

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 151,675 | ¥ 152,589 | ¥ 913 |
| Municipal bonds | 21,755 | 22,243 | 488 |
| Corporate bonds | 44,422 | 45,458 | 1,036 |
| Total domestic bonds | 217,853 | 220,291 | 2,438 |
| Foreign bonds | - | - | - |
| Other securities | 50,281 | 50,764 | 483 |
| Total | 268,134 | 271,056 | 2,922 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | 227,189 | 224,129 | (3,059) |
| Municipal bonds | 3,501 | 3,428 | (72) |
| Corporate bonds | 88,233 | 86,724 | (1,509) |
| Total domestic bonds | 318,924 | 314,283 | (4,641) |
| Foreign bonds | 15,000 | 14,992 | (7) |
| Other securities | 87,639 | 86,494 | (1,144) |
| Total | 421,563 | 415,770 | (5,793) |
| Grand total | ¥ 689,698 | ¥ 686,826 | ¥ (2,871) |

Note: Other securities include certificates of deposits amounting to ¥5,000 million that are shown as cash and deposits, commercial paper amounting to ¥28,982 million and beneficiary trust certificates amounting to ¥103,938 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2007.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2007 are summarized as follows:

| | Carrying amount | Fair value | Gross unrealized gains (losses) |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with fair value exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 431,298 | ¥ 435,755 | ¥ 4,456 |
| Municipal bonds | 129,224 | 131,302 | 2,078 |
| Corporate bonds | 307,269 | 311,125 | 3,856 |
| Total | 867,791 | 878,183 | 10,391 |
| **Items with fair value not exceeding carrying amount:** | | | |
| Domestic bonds: | | | |
| Government bonds | 145,959 | 145,227 | (731) |
| Municipal bonds | 189,091 | 188,011 | (1,080) |
| Corporate bonds | 452,143 | 449,491 | (2,651) |
| Total | 787,194 | 782,731 | (4,463) |
| Grand total | ¥ 1,654,986 | ¥ 1,660,914 | ¥ 5,927 |

Available-for-sale securities with readily obtainable fair value as of March 31, 2007 are summarized as follows:

| | Acquisition cost | Carrying amount | Difference |
|---|---|---|---|
| | | *(Millions of yen)* | |
| **Items with carrying amount exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | ¥ 345,167 | ¥ 355,370 | ¥ 10,203 |
| Municipal bonds | 788,870 | 797,803 | 8,933 |
| Corporate bonds | 878,985 | 892,063 | 13,078 |
| Total domestic bonds | 2,013,022 | 2,045,237 | 32,215 |
| Domestic equities | 584,085 | 1,268,363 | 684,277 |
| Foreign securities: | | | |
| Foreign bonds | 638,973 | 663,813 | 24,839 |
| Foreign equities | 90,378 | 120,385 | 30,006 |
| Foreign other securities | 85,066 | 97,284 | 12,218 |
| Total foreign securities | 814,418 | 881,483 | 67,064 |
| Other securities | 699,906 | 956,321 | 256,415 |
| Total | 4,111,433 | 5,151,406 | 1,039,972 |
| **Items with carrying amount not exceeding acquisition cost:** | | | |
| Domestic bonds: | | | |
| Government bonds | 242,396 | 240,730 | (1,666) |
| Municipal bonds | 253,935 | 251,378 | (2,557) |
| Corporate bonds | 459,961 | 454,081 | (5,880) |
| Total domestic bonds | 956,294 | 946,190 | (10,104) |
| Domestic equities | 68,150 | 58,196 | (9,954) |
| Foreign securities: | | | |
| Foreign bonds | 191,469 | 189,629 | (1,839) |
| Foreign equities | 10,495 | 9,906 | (588) |
| Foreign other securities | 10,127 | 9,226 | (900) |
| Total foreign securities | 212,091 | 208,762 | (3,329) |
| Other securities | 471,933 | 467,936 | (3,996) |
| Total | 1,708,470 | 1,681,085 | (27,384) |
| Grand total | ¥ 5,819,903 | ¥ 6,832,491 | ¥ 1,012,588 |

Note 1: Other securities include certificates of deposits amounting to ¥116,500 million that are shown as cash and deposits, commercial paper amounting to ¥166,128 million and beneficiary trust certificates amounting to ¥149,757 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2007.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2007 totaled ¥339 million and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2007 decreased from the acquisition cost by 30% or more.

Gross gains of ¥93,883 million and gross losses of ¥41,588 million were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2007. Total proceeds on such sales amounted to ¥1,437,906 million for the year ended March 31, 2007.

Gross gains of ¥364 million and gross losses of ¥10,789 million were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2007. Total proceeds on such sales amounted to ¥586,074 million for the year ended March 31, 2007.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2007.

Securities without readily obtainable fair value held by the Company as of March 31, 2007 are summarized as follows:

| | **Carrying amount** |
|---|---|
| | *(Millions of yen)* |
| Available-for-sale securities: | |
| Unlisted stocks | ¥ 32,199 |
| Foreign securities/unlisted stocks | 0 |
| Foreign securities/other securities | 257,849 |
| Other securities | 28,797 |
| Total | ¥ 318,846 |

The Company reclassified certain bonds originally classified as held-to-maturity securities, with a net book value of ¥1,240,403 million, into available-for-sale securities. To secure mobility to the shift of securities corresponding to long-term insurance liabilities, the held-to-maturity securities in general assets were reclassified. As a result of the reclassification, the balance of available-for-sale securities increased ¥8,270 million, the balance of monetary claims purchased decreased ¥676 million and net unrealized gains on available-for-sale securities increased ¥4,852 million.

The carrying value of bonds classified as available-for-sale and held-to-maturity securities at March 31, 2007, by contractual maturity date, is as follows:

| | Due in one year or less | Dues after one year through five years | Due after five years through 10 years | Due after 10 years |
|---|---|---|---|---|
| | | *(Millions of yen)* | | |
| Government bonds | ¥ 399,135 | ¥ 413,450 | ¥ 306,810 | ¥ 432,745 |
| Municipal bonds | 164,910 | 683,658 | 461,645 | 82,541 |
| Corporate bonds | 200,244 | 972,411 | 564,816 | 489,387 |
| Domestic equities | - | - | 2,000 | - |
| Foreign bonds | 96,007 | 385,112 | 220,798 | 165,531 |
| Foreign equities | - | 3,719 | 2,098 | - |
| Other foreign securities | 314 | 27,397 | 79,054 | 40,884 |
| Other securities | 316,843 | 34,052 | 25,167 | 242,972 |
| Total | ¥ 1,177,455 | ¥ 2,519,802 | ¥ 1,662,391 | ¥ 1,454,061 |

## 19. Investment in Monetary Trusts

(1) As of March 31, 2008

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

| Carrying amount | Valuation difference charged to earnings-gains | Carrying amount | Valuation difference charged to earnings-gains |
|---|---|---|---|
| *(Millions of yen)* | | *(Thousands of U.S. dollars)* | |
| **¥ 30,165** | **¥ 16,162** | **$ 301,085** | **$ 161,317** |

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2008.

Monetary trusts other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2008 are summarized as follows:

| | Acquisition cost | Carrying amount | Gross unrealized gains |
|---|---|---|---|
| | | *(Millions of yen)* | |
| Monetary trusts | **¥ 23,976** | **¥ 24,303** | **¥ 327** |

| | Acquisition cost | Carrying amount | Gross unrealized gains |
|---|---|---|---|
| | | *(Thousands of U.S. dollars)* | |
| Monetary trusts | **$ 239,310** | **$ 242,576** | **$ 3,265** |

Note 1: In addition to the monetary trusts above, joint monetary trusts amounting to ¥80,300 million ($801,477 thousand) are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to monetary trusts other than investment, held-to-maturity and policy reserve-matching as of March 31, 2008 amounted to ¥1,182 million ($11,799 thousand) and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

(2) As of March 31, 2007

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2007 are summarized as follows:

| Carrying amount | Valuation difference charged to earnings-losses |
|---|---|
| *(Millions of yen)* | |
| ¥ 12,340 | ¥ (2,979) |

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2007.

Monetary trusts other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2007 are summarized as follows:

| | Acquisition cost | Carrying amount | Gross unrealized gains |
|---|---|---|---|
| | | *(Millions of yen)* | |
| Monetary trusts | ¥ 46,773 | ¥ 76,546 | ¥ 29,772 |

Note: In addition to the monetary trusts above, joint monetary trusts amounting to ¥24,300 million are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2007.

## 20. Derivative Financial Instruments

The Three Life Insurance Companies use swaps, forwards, futures and option contracts to hedge exposure to changes in interest rates, foreign exchange rates and stock and bond prices for assets in the consolidated balance sheets or for future investments, and to manage the differences in the duration of its assets and liabilities. In addition, the companies trade credit derivatives within certain internal guidelines, such as total notional amount and credit rating of entities to be referred under the credit derivatives.

The Three Life Insurance Companies have established internal rules regarding derivative financial instruments including policies and procedures for risk assessment, approval, reporting and monitoring. Based on such rules, the use of new types of derivative financial instruments must be approved by the Board of Directors. Such rules enable the companies to maintain an adequate control environment for derivative financial instruments. All dealing functions, such as the front, back and middle offices, are completely separated into different departments. The middle office, the Total Risk Monitoring Department, periodically monitors, measures and analyzes risks related to derivative financial instruments, and periodically reports total risk, position and gains and losses to the Board of Directors.

Because the Three Life Insurance Companies use derivative financial instruments mainly to hedge or manage market risk exposures resulting from assets on the consolidated balance sheets, the risk of derivative financial instruments is limited through offsetting the risk arising from those assets. Instruments are traded either over an exchange or with counterparties of high credit quality and the risk of nonperformance by the counterparties is therefore considered to be remote.

The Three Life Insurance Companies use derivative financial instruments for the purpose of complementing risk hedges, which are linked with cash product assets. Accordingly, the Three Life Insurance Companies do not make a deal for speculative trades.

Taiyo Life focuses on the stable investment management of assets and leverages risks linking hedge purposes with holding cash product assets. Daito Life focuses on efficient investment management of assets and complementing trades of cash product assets. Daido Life uses derivative financial instruments where trades are limited for the above policy.

To minimize the risks of minimum death guaranty and guaranteed minimum living benefit for individual variable annuities, T&D Financial Life uses derivative trades in monetary trusts for hedge purposes against increasing risks, owing to falling prices related to the subjected cash product assets in separate accounts.

The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2008 and 2007. Notional amounts do not represent exposure to credit loss.

| | As of March 31; 2008 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | *(Millions of yen)* | | | |
| Interest rate swap (fixed interest receipt) | ¥ 121,783 | ¥ 23,043 | ¥ 1,298 | ¥ 1,298 |
| Interest rate swap (fixed interest pay) | 138,382 | - | 120 | 120 |
| Foreign exchange contracts sold | - | 756,737 | 732,263 | 24,474 |
| Foreign exchange contracts bought | - | 201 | 202 | 0 |
| Bond futures contracts sold | - | - | - | - |
| Stock index futures contracts sold | - | - | - | - |
| Stock forward contracts sold | - | 22,135 | 21,020 | 1,115 |
| Total valuation gains, net | | | | ¥ 27,009 |

| | As of March 31, 2007 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | *(Millions of yen)* | | | |
| Interest rate swap (fixed interest receipt) | ¥ 116,235 | ¥ 29,789 | ¥ (733) | ¥ (733) |
| Interest rate swap (fixed interest pay) | 138,382 | 1,400 | 1,209 | 1,209 |
| Foreign exchange contracts sold | - | 789,672 | 788,415 | 1,256 |
| Foreign exchange contracts bought | - | 995 | 1,005 | 10 |
| Bond futures contracts sold | - | 22,559 | 22,537 | 21 |
| Stock index futures contracts sold | - | 16,563 | 16,753 | (189) |
| Stock forward contracts sold | - | - | - | - |
| Total valuation gains, net | | | | ¥ 1,576 |

| | As of March 31, 2008 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | *(Thousands of U.S. dollars)* | | | |

| | | | | |
|---|---|---|---|---|
| Interest rate swap (fixed interest receipt) | $ 1,215,528 | $ 229,997 | $ 12,957 | $ 12,957 |
| Interest rate swap (fixed interest pay) | 1,381,195 | - | 1,202 | 1,202 |
| Foreign exchange contracts sold | - | 7,553,028 | 7,308,744 | 244,284 |
| Foreign exchange contracts bought | - | 2,013 | 2,022 | 9 |
| Bond futures contracts sold | - | - | - | - |
| Stock index futures contracts sold | - | - | - | - |
| Stock forward contracts sold | - | 220,940 | 209,809 | 11,130 |
| Total valuation gains, net | | | | $ 269,583 |

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

T&D Financial Life uses monetary trusts to execute derivatives trades. The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2008 and 2007.

| | As of March 31, 2008 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | (Millions of yen) | | | |
| Currency options bought (put) | ¥ 30,495 | ¥ 3,726 | | |
| Option premium | 4,287 | 221 | ¥ 3,534 | ¥ (974) |
| Currency options bought (put) in USD | 18,369 | 2,316 | | |
| Option premium | 2,818 | 153 | 2,643 | (328) |
| Currency options bought (put) in EUR | 12,126 | 1,409 | | |
| Option premium | 1,469 | 67 | 891 | (645) |
| Stock index options bought (put) | 102,932 | 7,112 | | |
| Option premium | 15,103 | 473 | 25,377 | 9,800 |
| Total valuation gains, net | | | | ¥ 8,826 |

| | As of March 31, 2007 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | (Millions of yen) | | | |
| Currency options bought (put) | ¥ 32,286 | ¥ 3,406 | | |
| Option premium | 4,338 | 134 | ¥ 2,170 | ¥ (2,301) |
| Currency options bought (put) in USD | 19,976 | 2,126 | | |
| Option premium | 2,930 | 93 | 1,646 | (1,377) |
| Currency options bought (put) in EUR | 12,309 | 1,279 | | |
| Option premium | 1,407 | 41 | 524 | (923) |
| Stock index options bought (put) | 97,500 | 6,908 | | |
| Option premium | 12,518 | 292 | 7,777 | (5,034) |
| Total valuation losses, net | | | | ¥ (7,335) |

| | As of March 31, 2008 | | | |
|---|---|---|---|---|
| | Notional amounts | | Current market or fair value | Valuation gains (losses) |
| | Over one year | One year or less | | |
| | (Thousands of U.S. dollars) | | | |
| Currency options bought (put) | $ 304,381 | $ 37,192 | | |
| Option premium | 42,794 | 2,206 | $ 35,276 | $ (9,724) |
| Currency options bought (put) in USD | 183,349 | 23,124 | | |
| Option premium | 28,128 | 1,534 | 26,380 | (3,282) |
| Currency options bought (put) in EUR | 121,031 | 14,067 | | |
| Option premium | 14,666 | 671 | 8,896 | (6,441) |
| Stock index options bought (put) | 1,027,370 | 70,986 | | |
| Option premium | 150,744 | 4,725 | 253,292 | 97,822 |
| Total valuation gains, net | | | | $ 88,097 |

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

## 21. Reserve for Employees' Retirement Benefits

The components of net periodic pension cost are summarized below:

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Service cost | ¥ 6,003 | ¥ 5,692 | $ 59,919 |
| Interest cost | 2,645 | 2,486 | 26,403 |
| Expected return on assets | (428) | (384) | (4,274) |
| Amortization of unrecognized net actuarial loss | 2,192 | 7,820 | 21,882 |
| Amortization of unrecognized net obligation at translation | 60 | 314 | 606 |
| Net periodic pension cost | 10,473 | 15,927 | 104,537 |
| Other | 127 | 124 | 1,270 |
| Total pension cost | ¥ 10,600 | ¥ 16,052 | $ 105,808 |

Assumptions used in accounting for the plans were as follows:

| | Years ended March 31 | |
|---|---|---|
| | 2008 | 2007 |
| Discount rate | 1.9% – 2.3% | 1.9% – 2.3% |
| Expected long-term rate of return on assets | 1.25% – 2.49% | 1.25% – 2.49% |

The plans' funded status as of March 31, 2008 and 2007 is summarized below:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Projected benefit obligation | ¥ 137,680 | ¥ 135,898 | $ 1,374,195 |
| Plan assets | (20,831) | (20,912) | (207,920) |
| Reserve for employees' retirement benefits | ¥ 116,849 | ¥ 114,986 | $ 1,166,275 |

## 22. Per Share Information

Net assets per share computed based on the number of shares of common stock outstanding as of March 31, 2008 and 2007 were ¥2,743.16 ($27.37) and ¥4,419.55, respectively. Net income per share computed based on the weighted-average number of shares of common stock outstanding during the year ended March 31, 2008 and 2007 were ¥149.24 ($1.48) and ¥157.45, respectively.

A summary of the net assets per share computations is as follows:

| | As of March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Net assets | ¥ 677,273 | ¥1,090,229 | $ 6,759,894 |
| Minority interests | (1,820) | (1,909) | (18,166) |
| Net assets available to common stockholders | ¥ 675,453 | ¥1,088,319 | $ 6,741,728 |
| | (Shares) | | |
| The number of shares of common stock outstanding | 246,231,785 | 246,251,152 | |

A summary of the net income per share computations is as follows:

| | Years ended March 31 | | |
|---|---|---|---|
| | 2008 | 2007 | 2008 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Net income | ¥ 36,749 | ¥ 38,772 | $ 366,802 |
| Bonuses to directors and corporate auditors | (-) | (-) | (-) |
| Net income available to common stockholders | ¥ 36,749 | ¥ 38,772 | $ 366,802 |
| | (Shares) | | |
| Weighted-average common shares outstanding | 246,239,986 | 246,261,507 | |

## 23. Subsequent Events

There were no applicable subsequent events for the year ended March 31, 2008 and 2007.

## *V. Unaudited Non-Consolidated Financial Statements*

T&D Holdings, Inc.

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Unaudited Non-Consolidated Balance Sheets
Unaudited Non-Consolidated Statements of Operations
Unaudited Non-Consolidated Statements of Changes in Net Assets

# Unaudited Non-Consolidated Balance Sheets

| As of March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Assets:** | | | | | | |
| Current assets: | | | | | | |
| Cash and deposits | ¥ 523 | | ¥ 17,477 | | ¥ (16,953) | $ 5,228 |
| Securities | 17,000 | | - | | 17,000 | 169,677 |
| Prepaid expenses | 20 | | 18 | | 1 | 200 |
| Deferred tax assets | 105 | | 78 | | 26 | 1,051 |
| Accounts receivable | 30,449 | | 29,381 | | 1,067 | 303,918 |
| Other current assets | 0 | | 7 | | (6) | 2 |
| Total current assets | 48,099 | 7.6 | 46,963 | 7.4 | 1,135 | 480,079 |
| Fixed assets: | | | | | | |
| Tangible fixed assets: | | | | | | |
| Buildings | 114 | | 126 | | (12) | 1,139 |
| Machinery and equipment | 6 | | 8 | | (1) | 68 |
| Total tangible fixed assets | 120 | 0.0 | 135 | 0.0 | (14) | 1,207 |
| Intangible fixed assets: | | | | | | |
| Trademark | 2 | | 2 | | (0) | 24 |
| Software | 8 | | 9 | | (0) | 88 |
| Other intangible fixed assets | 0 | | - | | 0 | 0 |
| Total intangible fixed assets | 11 | 0.0 | 12 | 0.0 | (1) | 112 |
| Investments and other assets: | | | | | | |
| Investments in subsidiaries | 583,215 | | 583,171 | | 44 | 5,821,097 |
| Deferred tax assets | 116 | | 79 | | 36 | 1,165 |
| Deposit for rent | 1,653 | | 1,653 | | (0) | 16,501 |
| Total investments and other assets | 584,985 | 92.4 | 584,904 | 92.6 | 81 | 5,838,764 |
| Total fixed assets | 585,118 | 92.4 | 585,052 | 92.6 | 65 | 5,840,084 |
| **Total assets** | ¥ 633,217 | 100.0 | ¥ 632,016 | 100.0 | ¥ 1,201 | $6,320,164 |

## Unaudited Non-Consolidated Balance Sheets (continued)

| As of March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Liabilities:** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | ¥ 4,038 | | ¥ 7,326 | | ¥ (3,288) | $ 40,309 |
| Accrued expenses | 166 | | 127 | | 38 | 1,660 |
| Income tax payable | 24,770 | | 20,475 | | 4,294 | 247,239 |
| Consumption tax payable | 31 | | 8 | | 22 | 311 |
| Deposits received | 4 | | 5 | | (0) | 48 |
| Reserve for bonus to directors and corporate auditors | 43 | | 43 | | (0) | 429 |
| Total current liabilities | 29,055 | 4.6 | 27,987 | 4.4 | 1,067 | 290,001 |
| Fixed liabilities: | | | | | | |
| Long-term debt | 10,700 | | 10,700 | | - | 106,797 |
| Reserve for directors' and corporate auditors' retirement benefits | 367 | | 252 | | 114 | 3,666 |
| Deposits received | 1,545 | | 1,545 | | - | 15,422 |
| Total fixed liabilities | 12,612 | 2.0 | 12,498 | 2.0 | 114 | 125,885 |
| **Total liabilities** | 41,667 | 6.6 | 40,485 | 6.4 | 1,181 | 415,886 |
| **Net assets:** | | | | | | |
| Stockholders' equity: | | | | | | |
| Common stock: | | | | | | |
| Authorized – 966,000,000 shares | | | | | | |
| Issued – 246,330,000 shares | ¥ 118,595 | 18.7 | ¥ 118,595 | 18.8 | - | $ 1,183,705 |
| Capital surplus: | | | | | | |
| Additional paid-in capital | 450,903 | | 450,903 | | - | 4,500,488 |
| Other capital surplus | 3 | | 3 | | 0 | 38 |
| Total capital surplus | 450,907 | 71.2 | 450,907 | 71.3 | 0 | 4,500,526 |
| Retained earnings: | | | | | | |
| Unappropriated retained earnings | 22,684 | | 22,524 | | 160 | 226,417 |
| Total retained earnings | 22,684 | 3.6 | 22,524 | 3.6 | 160 | 226,417 |
| Treasury stock | (638) | (0.1) | (496) | (0.1) | (141) | (6,372) |
| Total stockholders' equity | 591,549 | 93.4 | 591,530 | 93.6 | 19 | 5,904,277 |
| **Total net assets** | 591,549 | 93.4 | 591,530 | 93.6 | 19 | 5,904,277 |
| **Total liabilities and net assets** | ¥ 633,217 | 100.0 | ¥ 632,016 | 100.0 | 1,201 | $ 6,320,164 |

# Unaudited Non-Consolidated Statements of Operations

| Years ended March 31, | 2008 | | 2007 | | Increase (decrease) | 2008 |
|---|---|---|---|---|---|---|
| | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(%)* | *(Millions of yen)* | *(Thousands of U.S. dollars)* |
| **Operating income:** | | | | | | |
| Dividends on Investments in subsidiaries | ¥ 16,129 | | ¥ 13,546 | | ¥ 2,583 | $ 160,989 |
| Fees and commissions received from subsidiaries | 3,176 | | 2,852 | | 323 | 31,703 |
| Total operating income | 19,306 | 100.0 | 16,399 | 100.0 | 2,906 | 192,693 |
| **Operating expenses:** | | | | | | |
| General and administrative expenses | 2,894 | 15.0 | 2,596 | 15.8 | 297 | 28,888 |
| **Operating profit** | 16,411 | 85.0 | 13,802 | 84.2 | 2,608 | 163,805 |
| **Non-operating income:** | | | | | | |
| Interest income | - | | 34 | | (34) | - |
| Interest on securities | 88 | | - | | 88 | 883 |
| Interest on tax refund | 0 | | 0 | | 0 | 0 |
| Fee income | 8 | | 6 | | 1 | 85 |
| Other income | 1 | | 1 | | (0) | 14 |
| Total non-operating income | 98 | 0.5 | 43 | 0.3 | 55 | 984 |
| **Non-operating expenses:** | | | | | | |
| Interest expenses | 162 | | 1 | | 161 | 1,622 |
| Fees and commissions paid | - | | 15 | | (15) | - |
| Other expenses | 0 | | 0 | | - | 4 |
| Total non-operating expenses | 163 | 0.8 | 16 | 0.1 | 146 | 1,627 |
| **Ordinary profit** | 16,347 | 84.7 | 13,829 | 84.3 | 2,517 | 163,161 |
| **Extraordinary losses:** | | | | | | |
| Headquarters removal costs | - | - | 127 | 0.8 | (127) | - |
| **Income before income taxes** | 16,347 | 84.7 | 13,702 | 83.6 | 2,644 | 163,161 |
| **Income taxes:** | | | | | | |
| Current | 243 | | 107 | | 136 | 2,434 |
| Deferred | (63) | | 6 | | (70) | (634) |
| Total income taxes | 180 | 1.0 | 114 | 0.7 | 66 | 1,800 |
| **Net income** | 16,166 | 83.7 | 13,588 | 82.9 | 2,578 | 161,361 |

# Unaudited Non-Consolidated Statements of Changes in Net Assets

*(Millions of yen)*

| | Stockholders' equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | | Retained earnings | | | | |
| | Common stock | Additional paid-in capital | Other capital surplus | Total capital surplus | Unappropriated retained earnings | Total retained earnings | Treasury stock | Total | Total net assets |
| Balance as of March 31, 2007 | 118,595 | 450,903 | 3 | 450,907 | 22,524 | 22,524 | (496) | 591,530 | 591,530 |
| Changes in the period | | | | | | | | | |
| Dividends | | | | | (16,006) | (16,006) | | (16,006) | (16,006) |
| Bonus to directors and corporate auditors | | | | | | | | - | - |
| Net income | | | | | 16,166 | 16,166 | | 16,166 | 16,166 |
| Acquisition of treasury stock | | | | | | | (156) | (156) | (156) |
| Disposal of treasury stock | | | 0 | 0 | | | 14 | 14 | 14 |
| Total changes in the period | - | - | 0 | 0 | 160 | 160 | (141) | 19 | 19 |
| **Balance as of March 31, 2008** | 118,595 | 450,903 | 3 | 450,907 | 22,684 | 22,684 | (638) | 591,549 | 591,549 |

*(Thousands of U.S. dollars)*

| | Stockholders' equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | | Retained earnings | | | | |
| | Common stock | Additional paid-in capital | Other capital surplus | Total capital surplus | Unappropriated retained earnings | Total retained earnings | Treasury stock | Total | Total net assets |
| Balance as of March 31, 2007 | 1,183,705 | 4,500,488 | 37 | 4,500,525 | 224,815 | 224,815 | (4,959) | 5,904,086 | 5,904,086 |
| Changes in the period | | | | | | | | | |
| Dividends | | | | | (159,759) | (159,759) | | (159,759) | (159,759) |
| Bonus to directors and corporate auditors | | | | | | | | - | - |
| Net income | | | | | 161,361 | 161,361 | | 161,361 | 161,361 |
| Acquisition of treasury stock | | | | | | | (1,558) | (1,558) | (1,558) |
| Disposal of treasury stock | | | 1 | 1 | | | 145 | 147 | 147 |
| Total changes in the period | - | - | 1 | 1 | 1,601 | 1,601 | (1,412) | 190 | 190 |
| **Balance as of March 31, 2008** | 1,183,705 | 4,500,488 | 38 | 4,500,526 | 226,417 | 226,417 | (6,372) | 5,904,277 | 5,904,277 |

*(Millions of yen)*

| | Stockholders' equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Surplus | | | Retained earnings | | | | |
| | Common stock | Additional paid-in capital | Other capital surplus | Total capital surplus | Unappropriated retained earnings | Total retained earnings | Treasury stock | Total | Total net assets |
| Balance as of March 31, 2006 | 118,595 | 450,903 | 1 | 450,905 | 22,520 | 22,520 | (322) | 591,698 | 591,698 |
| Changes in the period | | | | | | | | | |
| Dividends | | | | | (13,544) | (13,544) | | (13,544) | (13,544) |
| Bonus to directors and corporate auditors | | | | | (39) | (39) | | (39) | (39) |
| Net income | | | | | 13,588 | 13,588 | | 13,588 | 13,588 |
| Acquisition of treasury stock | | | | | | | (179) | (179) | (179) |
| Disposal of treasury stock | | | 2 | 2 | | | 5 | 8 | 8 |
| Total changes in the period | - | - | 2 | 2 | 3 | 3 | (174) | (167) | (167) |
| **Balance as of March 31, 2007** | 118,595 | 450,903 | 3 | 450,907 | 22,524 | 22,524 | (496) | 591,530 | 591,530 |

(Reference)

# Non-Consolidated Financial Data of the Three Life Insurance Companies for the Fiscal Year Ended March 31, 2008

## 1. Sales Results (Individual Insurance and Annuities)

(Billions of yen)

| Fiscal Year Ended March 31, 2008 | Total (Sum of Three Companies) | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change | Amount | Change |
| New policy amount | 6,201.8 | (6.5%) | 1,474.1 | (30.7%) | 4,634.2 | 7.1% | 93.3 | (48.0%) |
| Surrender and lapse amount | 5,064.2 | (5.6%) | 1,348.6 | (10.3%) | 3,550.0 | (1.8%) | 165.5 | (31.8%) |
| Surrender and lapse rate | | | 7.64% | (0.91points) | 8.93% | (0.11points) | 6.56% | (2.55points) |
| Policy amount in force | 59,340.3 | (0.9%) | 17,182.2 | (2.6%) | 39,897.1 | 0.4% | 2,261.0 | (10.4%) |
| Annualized premiums of new policies | 117.5 | (17.9%) | 32.7 | (10.5%) | 71.9 | (13.7%) | 12.7 | (44.6%) |
| 3rd sector products | 13.5 | (20.4%) | 9.5 | (27.3%) | 3.9 | 2.6% | - | (100.0%) |
| Annualized premiums of total policies | 1,425.9 | (1.5%) | 637.3 | (3.8%) | 689.1 | (0.4%) | 99.3 | 7.9% |
| 3rd sector products | 174.1 | (1.8%) | 111.0 | (0.9%) | 57.0 | (2.7%) | 6.1 | (9.3%) |

*Notes:*

*1. New policy amount includes increase from conversion.*

*2. % Change is presented in comparison with the previous fiscal year (hereinafter, same if not mentioned otherwise).*

## 2. Summary of Operations

(Billions of yen)

| Fiscal Year Ended March 31, 2008 | T&D Holdings Consolidated | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change | Amount | Change |
| Ordinary revenues | 2,330.0 | 1.9% | 1,000.3 | (1.2%) | 1,136.3 | 7.0% | 180.4 | (32.2%) |
| Income from insurance premiums and others | 1,613.1 | (11.0%) | 635.7 | (9.9%) | 843.3 | (2.5%) | 134.0 | (44.3%) |
| Investment income | 445.4 | 9.3% | 229.6 | 8.4% | 205.7 | 12.2% | 19.8 | 15.5% |
| Ordinary expenses | 2,174.3 | 2.2% | 943.3 | (1.8%) | 1,031.6 | 9.7% | 190.1 | (32.0%) |
| Insurance claims and other payments | 1,647.0 | 1.0% | 747.1 | (3.3%) | 804.3 | 6.1% | 95.5 | (4.0%) |
| Investment expenses | 241.9 | 110.0% | 76.1 | 8.2% | 94.6 | 114.4% | 77.9 | 1,535.5% |
| Ordinary profit (loss) | 155.7 | (1.6%) | 57.0 | 10.4% | 104.6 | (13.7%) | (9.6) | (28.5%) |
| Extraordinary gains | 6.1 | 167.3% | 0.6 | (82.8%) | 5.1 | 66.1% | 0.0 | (100.0%) |
| Extraordinary losses | 37.5 | 6.3% | 21.6 | 16.4% | 15.4 | (2.8%) | 0.0 | (97.7%) |
| Provision for reserve for policyholder dividends | 45.3 | (19.6%) | 13.9 | (7.2%) | 31.2 | (22.0%) | 0.1 | (86.7%) |
| Income before income taxes | 78.9 | 14.9% | 22.0 | 0.5% | 63.1 | (7.7%) | (9.8) | (35.2%) |
| Income taxes | 42.1 | 41.7% | 10.0 | 17.4% | 32.7 | 29.4% | (2.9) | (35.1%) |
| Net income (loss) | 36.7 | (5.2%) | 12.0 | (10.2%) | 30.4 | (29.4%) | (6.9) | (35.3%) |

*Notes:*

*1. T&D Holdings' consolidated figures do not always correspond to the sum of the three companies' figures.*

*2. Income taxes include current income taxes and deferred income taxes.*

## 3. Key Indicators

(Billions of yen)

| Fiscal Year Ended March 31, 2008 | Total (Sum of Three Companies) | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change | Amount | Change |
| Core profit | 159.7 | (7.8%) | 53.0 | (1.7%) | 124.8 | (0.7%) | (18.1) | 181.6% |
| Amount of negative spread | | | 17.6 | (7.0) | (NOTE) - | - | 4.1 | (0.0) |

*Note: Daido Life has a positive spread of 21.7 billion yen. (a positive spread of 8.3 billion yen at the previous fiscal year-end)*

(Billions of yen)

| As of March 31, 2008 | Total (Sum of Three Companies) | | Taiyo Life | | Daido Life | | T&D Financial Life | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Change from previous FYE | Amount | Change from previous FYE | Amount | Change from previous FYE | Amount | Change from previous FYE |
| Solvency margin ratio | | | 1,000.6% | (99.8points) | 1,096.3% | (224.3points) | 912.4% | (277.3points) |
| Adjusted net assets | 1,500.7 | (507.1) | 659.7 | (174.9) | 777.2 | (332.4) | 63.7 | 0.2 |
| Unrealized gains/ losses on securities | 432.0 | (613.3) | 266.6 | (232.9) | 163.8 | (382.5) | 1.4 | 2.1 |
| Domestic bonds | 95.4 | 69.5 | 63.1 | 54.9 | 30.7 | 12.0 | 1.5 | 2.5 |
| Domestic stocks | 325.3 | (348.9) | 210.5 | (215.1) | 114.7 | (133.7) | - | - |
| Foreign securities | (3.1) | (66.8) | 0.7 | (53.0) | (3.8) | (13.6) | (0.0) | (0.0) |
| Other securities | 5.3 | (247.1) | (11.0) | (23.9) | 16.4 | (222.9) | (0.0) | (0.3) |
| Monetary trusts | 0.3 | (29.4) | - | - | 0.3 | (29.4) | - | - |
| Unrealized gains/ losses on real estate | 71.0 | 42.2 | 35.8 | 24.1 | 35.2 | 18.1 | - | - |

*Notes:*

*1. These figures include securities held in monetary trusts and do not include securities without readily obtainable fair value.*

*2. Taiyo Life's net unrealized gains/ losses on real estate is basically calculated based on the appraisal price and the posted price.*

*3. Daido Life's net unrealized gains/ losses on real estate is basically calculated based on the appraisal price. Less important properties are calculated based on the posted price.*

*4.The European Embedded Value (EEV) results are as follows: sum of three companies: 1,621.6 billion yen (down 450.4 billion yen); Taiyo Life: 574.9 billion yen (down 163.7 billion yen); Daido Life: 990.7 billion yen (down 272.2 billion yen); T&D Financial Life: 56.0 billion yen (down 14.4 billion yen).*

## Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

### 1. T&D Holdings (Consolidated)

(Billions of yen)

| | Year Ended March 31, 2008 | Forecast for the Year Ending March 31, 2009 | Percentage of Change (%) |
|---|---|---|---|
| Ordinary revenues | 2,330.0 | 2,100 | (9.9%) |
| Ordinary profit | 155.7 | 115 | (26.1%) |
| Net income | 36.7 | 39 | 6.1% |

Projected annual dividend per share for the year ending March 31, 2009 is 65.00 yen.

### 2. Three Life Insurance Companies (Non-consolidated Basis)

The followings are the three life insurance companies' forecasts for the year ending March 31, 2009.

(Billions of yen)

| | Taiyo Life | Daido Life | T&D Financial Life |
|---|---|---|---|
| Ordinary revenues | 930 | 1,020 | 270 |
| % change | (7.0%) | (10.2%) | 49.6% |
| Ordinary profit | 29 | 96 | (14) |
| % change | (49.2%) | (8.3%) | 44.8% |
| Net income | 13 | 34 | (10) |
| % change | 7.9% | 11.6% | 44.1% |

*Note: "% change" represents the change from the year ended March 31, 2008.*

(Billions of yen)

| | Sum of Three Companies | Taiyo Life | Daido Life | T&D Financial Life |
|---|---|---|---|---|
| Core profit | 149 | 46 | 107 | (4) |
| % change | (6.7%) | (13.3%) | (14.3%) | (78.0%) |
| Income from insurance premiums and others | 1,750 | 650 | 850 | 250 |
| % change | 8.5% | 2.2% | 0.8% | 86.4% |
| Negative spread | | 20 | 5 | 4 |
| % change | | 13.6% | - | (2.5%) |
| New policy amount | 6,350 | 1,760 | 4,320 | 270 |
| % change | 2.4% | 19.4% | (6.8%) | 189.1% |
| Policy amount in force | 59,300 | 17,070 | 39,910 | 2,320 |
| % change | (0.1%) | (0.7%) | 0.0% | 2.6% |
| Surrender and lapse rate | | 7.5% | 8.5% | 6.5% |
| change | | (0.1 points) | (0.4 points) | (0.0 points) |

*Notes:*

*1. "% change" and "change" represent the change from the year ended March 31, 2008.*

*2. Policy amount in force, new policy amount and surrender and lapse rate include individual insurance and annuities. The new policy amount includes increase from conversion.*

*3. Regarding negative spread, Daido Life has a positive spread of 21.7 billion yen for the year ended March 31, 2008.*

***The above forecasts for the year ending March 31, 2009 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses.***

File No.82-34783

# NON-CONSOLIDATED FINANCIAL SUMMARY

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

(For the fiscal year ended March 31, 2008)

May 19, 2008

Name of Company: **T&D Holdings, Inc.** (Financial Summary for Taiyo Life Insurance Company)
Stock Listings: Tokyo, Osaka
Security Code No.: 8795
Head Office: Tokyo, Japan
URL: http://www.td-holdings.co.jp/e/

## *1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 - March 31, 2008)*

(1) Results of Operations

*Note: Amounts of less than one million yen have been eliminated, and percentages have been rounded to the nearest percent.*

| | Ordinary Revenues | % change | Ordinary Profit | % change | Core Profit | % change | Net Income | % change |
|---|---|---|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥1,000,341 million | (1.2) | ¥57,038 million | 10.4 | ¥53,063million | (1.7) | ¥12,044 million | (10.2) |
| Year ended March 31, 2007 | ¥1,012,017 million | (6.0) | ¥51,662 million | 10.0 | ¥53,984 million | 41.3 | ¥13,416 million | 112.3 |

| | Net Income Per Share | Net Income Per Share (Fully Diluted) | Ratio of Net Income to Shareholders' Equity | Ratio of Ordinary Profit to Total Assets | Ratio of Ordinary Profit to Ordinary Revenues |
|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥8,029.34 | - | 3.5% | 0.9% | 5.7% |
| Year ended March 31, 2007 | ¥8,944.39 | - | 3.2% | 0.8% | 5.1% |

*Notes:*

1. *Core Profit is a measure of a life insurance company's underlying profitability from core insurance operations on a non-consolidated basis, defined as ordinary profit excluding "capital gains and losses" such as gains and losses on sale of securities and devaluation losses on securities and "other one-time gains and losses" such as provision for (reversal of) contingency reserve and write-off of loans.*
2. *% changes for ordinary revenues and ordinary profit, etc. are presented in comparison with the same term of the previous fiscal year.*

(2) Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| As of March 31, 2008 | ¥6,185,591 million | ¥254,331 million | 4.1% | ¥169,554.13 |
| As of March 31, 2007 | ¥6,552,504 million | ¥430,592 million | 6.6% | ¥287,061.52 |

*Note: Shareholder's equity: as of March 31, 2008: ¥254,331 million; as of March 31, 2007: ¥430,592 million*

## *2. Dividends*

| | Annual Dividends per Share | | | Dividends Paid for the Year | Payout Ratio | Dividends on Net Assets |
|---|---|---|---|---|---|---|
| | | Interim | Year-End | | | |
| Year ended March 31, 2007 | ¥4,072.00 | ¥- | ¥4,072.00 | ¥6,108 million | 45.5% | 1.4% |
| Year ended March 31, 2008 | ¥5,234.00 | ¥- | ¥5,234.00 | ¥7,851 million | 65.2% | 2.3% |

## *3. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

Taiyo Life's forecasts are omitted. Please refer to T&D Holdings' *"Consolidated Forecasts for the Year Ending March 31, 2009"* section in this material *"Consolidated Financial Summary for the fiscal year ended March 31, 2008"*.

## *4. Others*

(1) Significant Changes in Accounting Principle and Procedure and Changes in Presentation Method for Consolidated Financial Summary:

Changes due to the revision of accounting standards: Applicable
Changes due to other factors : None

*Note: Please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Consolidated Financial Summary for the fiscal year ended March 31, 2008.*

(2) Number of Outstanding Shares (Common Stock):

Number of outstanding shares including treasury stock at the end of the year: as of March 31, 2008: 1,500,000
as of March 31, 2007: 1,500,000

Number of treasury stock at the end of the term: None
Average number of outstanding shares during the term: for the fiscal year ended March 31, 2008: 1,500,000
for the fiscal year ended March 31, 2007: 1,500,000

## Taiyo Life Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Assets:** | | | | | |
| Cash and deposits | 30,965 | 0.5 | 37,364 | 0.6 | 6,398 |
| Cash | 1,040 | | 654 | | (385) |
| Deposit | 29,925 | | 36,709 | | 6,784 |
| Call loans | 170,800 | 2.6 | 122,500 | 2.0 | (48,300) |
| Monetary claims purchased | 155,228 | 2.4 | 160,503 | 2.6 | 5,274 |
| Securities | 4,485,211 | 68.5 | 4,152,424 | 67.1 | (332,787) |
| Government bonds | 910,444 | | 1,161,894 | | 251,450 |
| Municipal bonds | 535,207 | | 443,854 | | (91,352) |
| Corporate bonds | 1,182,805 | | 969,354 | | (213,451) |
| Domestic stocks | 873,267 | | 638,532 | | (234,734) |
| Foreign securities | 865,958 | | 867,227 | | 1,268 |
| Other securities | 117,528 | | 71,560 | | (45,967) |
| Loans | 1,502,246 | 22.9 | 1,481,880 | 24.0 | (20,365) |
| Policy loans | 105,316 | | 101,868 | | (3,448) |
| Commercial loans | 1,396,930 | | 1,380,012 | | (16,917) |
| Tangible fixed assets | 163,456 | 2.5 | 162,216 | 2.6 | (1,240) |
| Land | 98,452 | | 98,424 | | (27) |
| Buildings | 64,558 | | 63,287 | | (1,271) |
| Construction in progress | 3 | | 2 | | (0) |
| Other tangible fixed assets | 441 | | 501 | | 59 |
| Intangible fixed assets | 9,619 | 0.1 | 10,429 | 0.2 | 809 |
| Software | 9,157 | | 10,004 | | 847 |
| Other intangible fixed assets | 462 | | 425 | | (37) |
| Due from reinsurers | 19 | 0.0 | 93 | 0.0 | 73 |
| Other assets | 37,321 | 0.6 | 49,438 | 0.8 | 12,117 |
| Accounts receivable | 4,066 | | 5,056 | | 990 |
| Prepaid expenses | 738 | | 911 | | 173 |
| Accrued income | 25,471 | | 24,684 | | (786) |
| Deposit for rent | 849 | | 921 | | 71 |
| Derivatives | 1,233 | | 12,837 | | 11,603 |
| Suspense payable | 1,853 | | 1,916 | | 62 |
| Other assets | 3,107 | | 3,111 | | 3 |
| Deferred tax asssets | - | - | 11,299 | 0.2 | 11,299 |
| Reserve for possible loan losses | (2,364) | (0.0) | (2,558) | (0.0) | (194) |
| **Total assets** | 6,552,504 | 100.0 | 6,185,591 | 100.0 | (366,913) |

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Liabilities:** | | | | | |
| Policy reserves | 5,836,539 | 89.1 | 5,731,104 | 92.7 | (105,434) |
| Reserve for outstanding claims | 22,121 | | 21,542 | | (578) |
| Policy reserve | 5,751,111 | | 5,652,015 | | (99,096) |
| Reserve for policyholder dividends | 63,306 | | 57,546 | | (5,760) |
| Due to reinsurers | 36 | 0.0 | 36 | 0.0 | (0) |
| Subordinated bonds | 20,000 | 0.3 | 20,000 | 0.3 | - |
| Other liabilities | 74,626 | 1.1 | 71,121 | 1.1 | (3,505) |
| Subordinated payable | 35,000 | | 35,000 | | - |
| Income taxes payable | 2,817 | | 2,466 | | (350) |
| Accounts payable | 11,976 | | 13,450 | | 1,473 |
| Accrued expenses | 10,598 | | 9,655 | | (942) |
| Unearned income | 630 | | 630 | | 0 |
| Deposit received | 727 | | 522 | | (205) |
| Guarantee deposits | 6,558 | | 6,445 | | (113) |
| Derivatives | 5,508 | | 2,027 | | (3,480) |
| Suspense receipt | 806 | | 919 | | 112 |
| Other liabilities | 3 | | 3 | | - |
| Reserve for bonus to directors and corporate auditors | 40 | 0.0 | 41 | 0.0 | 0 |
| Reserve for employees' retirement benefits | 31,718 | 0.5 | 33,250 | 0.5 | 1,531 |
| Reserve for directors' and corporate auditors' retirement benefits | 1,481 | 0.0 | 1,700 | 0.0 | 219 |
| Reserve for price fluctuations | 42,563 | 0.6 | 63,296 | 1.0 | 20,733 |
| Deferred tax liabilities | 104,118 | 1.6 | - | - | (104,118) |
| Deferred tax liabilities on land revaluation | 10,787 | 0.2 | 10,708 | 0.2 | (78) |
| **Total liabilities** | 6,121,912 | 93.4 | 5,931,259 | 95.9 | (190,652) |
| **Net assets:** | | | | | |
| Common stock | 37,500 | 0.6 | 37,500 | 0.6 | - |
| Capital surplus | 37,500 | 0.6 | 37,500 | 0.6 | - |
| Retained earnings | 85,884 | 1.3 | 91,333 | 1.5 | 5,448 |
| Other retained earnings | 85,884 | | 91,333 | | 5,448 |
| Provision for advanced depreciation on real estate | 611 | | 596 | | (14) |
| General reserve | 40,000 | | 40,000 | | - |
| Unappropriated retained earnings | 45,273 | | 50,737 | | 5,463 |
| Total stockholders' equity | 160,884 | 2.5 | 166,333 | 2.7 | 5,448 |
| Net unrealized gains on securities | 318,499 | 4.9 | 136,133 | 2.2 | (182,365) |
| Gains on deferred hedge | (290) | (0.0) | (121) | (0.0) | 168 |
| Land revaluation | (48,501) | (0.7) | (48,014) | (0.8) | 487 |
| Total valuation and translation adjustments | 269,707 | 4.1 | 87,997 | 1.4 | (181,709) |
| **Total net assets** | 430,592 | 6.6 | 254,331 | 4.1 | (176,261) |
| **Total liabilities and net assets** | 6,552,504 | 100.0 | 6,185,591 | 100.0 | (366,913) |

## Taiyo Life Unaudited Non-Consolidated Statements of Operations

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Ordinary revenues** | 1,012,017 | 100.0 | 1,000,341 | 100.0 | (11,676) |
| **Income from insurance premiums** | 705,582 | | 635,739 | | (69,843) |
| Insurance premiums | 705,293 | | 635,544 | | (69,748) |
| Ceded reinsurance recoveries | 289 | | 195 | | (94) |
| **Investment income** | 211,893 | | 229,614 | | 17,721 |
| Interest, dividends and income from real estate for rent | 137,257 | | 142,024 | | 4,766 |
| Interest income from deposits | 127 | | 182 | | 55 |
| Interest income and dividends from securities | 93,403 | | 99,194 | | 5,791 |
| Interest income from loans | 30,279 | | 30,472 | | 193 |
| Interest from real estate for rent | 7,423 | | 7,819 | | 395 |
| Other income from interest and dividends | 6,023 | | 4,354 | | (1,669) |
| Gains from monetary trust, net | 0 | | - | | (0) |
| Gains on sales of securities | 74,223 | | 87,291 | | 13,068 |
| Other investment income | 155 | | 299 | | 143 |
| Gains on separate accounts, net | 256 | | - | | (256) |
| **Other ordinary income** | 94,541 | | 134,987 | | 40,446 |
| Income related to withheld insurance claims and other payments for future annuity payments | 705 | | 360 | | (344) |
| Income due to withheld insurance payments | 30,808 | | 32,807 | | 1,999 |
| Reversal of reserve for outstanding claims | - | | 578 | | 578 |
| Reversal of policy reserve | 60,018 | | 99,096 | | 39,077 |
| Reversal of reserve for employees' retirement benefits | 809 | | - | | (809) |
| Other ordinary profit | 2,199 | | 2,143 | | (55) |
| **Ordinary expenses** | 960,354 | 94.9 | 943,302 | 94.3 | (17,051) |
| **Insurance claims and other payments** | 772,881 | | 747,133 | | (25,748) |
| Insurance claims | 383,215 | | 318,842 | | (64,372) |
| Annuity payments | 128,527 | | 139,962 | | 11,435 |
| Insurance benefits | 105,102 | | 107,257 | | 2,154 |
| Surrender payments | 95,662 | | 97,958 | | 2,296 |
| Other payments | 60,111 | | 82,868 | | 22,756 |
| Reinsurance premiums | 262 | | 243 | | (19) |
| **Provision for policy and other reserves** | 1,731 | | 105 | | (1,625) |
| Provision for reserve for outstanding claims | 1,643 | | - | | (1,643) |
| Interest portion of reserve for policyholder dividends | 87 | | 105 | | 17 |
| **Investment expenses** | 70,357 | | 76,132 | | 5,774 |
| Interest expenses | 1,624 | | 1,674 | | 50 |
| Losses on sales of securities | 45,329 | | 51,942 | | 6,612 |
| Devaluation losses on securities | 99 | | 7,724 | | 7,624 |
| Losses from derivatives, net | 15,668 | | 7,065 | | (8,602) |
| Foreign exchange losses, net | 422 | | 107 | | (314) |
| Provision for reserve for possible loan losses | 684 | | 194 | | (490) |
| Write-off of loans | - | | 37 | | 37 |
| Depreciation of real estate for rent | 2,485 | | 2,434 | | (50) |
| Other investment expenses | 4,044 | | 4,149 | | 105 |
| losses on separate accounts,net | - | | 800 | | 800 |
| **Operating expenses** | 78,811 | | 77,088 | | (1,722) |
| **Other ordinary expenses** | 36,572 | | 42,843 | | 6,270 |
| Payments related to withheld insurance claims | 24,496 | | 28,605 | | 4,108 |
| Taxes | 4,868 | | 4,686 | | (182) |
| Depreciation | 5,199 | | 5,089 | | (109) |
| Provision for reserve for employees' retirement benefits | - | | 1,531 | | 1,531 |
| Other ordinary losses | 2,007 | | 2,930 | | 922 |
| **Ordinary profit** | 51,662 | 5.1 | 57,038 | 5.7 | 5,375 |

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Extraordinary gains** | 3,971 | 0.4 | 684 | 0.1 | (3,287) |
| Gains on disposal of fixed assets | 1,315 | | 682 | | (633) |
| Recoveries of bad debts previously written-off | 11 | | 1 | | (9) |
| Gains on sales of stocks of affiliated companies | 2,644 | | - | | (2,644) |
| **Extraordinary losses** | 18,611 | 1.8 | 21,659 | 2.2 | 3,048 |
| Losses on disposal and devaluation of fixed assets | 142 | | 580 | | 438 |
| Impairment loss | 1,373 | | 344 | | (1,028) |
| Provision for reserve for price fluctuations | 16,503 | | 20,733 | | 4,229 |
| Headquarters removal costs | 274 | | - | | (274) |
| Other extraordinary losses | 316 | | - | | (316) |
| **Provision for reserve for policyholder dividends** | 15,040 | 1.5 | 13,964 | 1.4 | (1,075) |
| **Income before income taxes** | 21,983 | 2.2 | 22,099 | 2.2 | 116 |
| **Current income taxes** | 17,824 | 1.8 | 23,202 | 2.3 | 5,377 |
| **Deferred income taxes** | (9,258) | (0.9) | (13,147) | (1.3) | (3,888) |
| **Net income** | 13,416 | 1.3 | 12,044 | 1.2 | (1,372) |

# Supplementary Materials for the Fiscal Year Ended March 31, 2008

Percentages are rounded to the nearest relevant percentage point.
Therefore, the sums of each percentage do not always amount to 100%.

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## 1.Business Highlights

### (1) Total Policy Amount in Force

(Number: Thousands, 100 Millions of yen, %)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | | Amount | | Number | | Amount | |
| | | % Change | | % Change | | % Change | | % Change |
| Individual insurance | 3,163 | 93.9 | 138,203 | 101.8 | 2,970 | 93.9 | 134,683 | 97.5 |
| Individual annuities | 1,312 | 95.9 | 38,241 | 95.1 | 1,284 | 97.9 | 37,138 | 97.1 |
| Sub total | 4,476 | 94.5 | 176,445 | 100.3 | 4,255 | 95.1 | 171,822 | 97.4 |
| Group insurance | - | - | 101,102 | 96.8 | - | - | 103,637 | 102.5 |
| Group annuities | - | - | 7,917 | 102.1 | - | - | 7,604 | 96.0 |

*Notes: 1. The policy amount for individual annuities is equal to the fund to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserve for an annuity for which payments have commenced.*

*2. The policy amount in force for group annuities is equal to the amount of outstanding policy reserve.*

*3. % Changes are presented in comparison with the same term of previous fiscal year (hereinafter, same if not mentioned otherwise).*

### (2) New Policy Amount

(Number: Thousands, 100 Millions of yen, %)

| Category | Year ended March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Number | | Amount | | | |
| | | % Change | | % Change | New policies | Net increase from conversion |
| Individual insurance | 271 | 87.4 | 21,070 | 73.6 | 15,440 | 5,630 |
| Individual annuities | 14 | 408.9 | 203 | - | 372 | (169) |
| Sub total | 285 | 91.0 | 21,273 | 75.0 | 15,812 | 5,460 |
| Group insurance | - | - | 510 | 39.4 | 510 | - |
| Group annuities | - | - | 0 | 3.9 | 0 | - |

| Category | Year ended March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Number | | Amount | | | |
| | | % Change | | % Change | New policies | Net increase from conversion |
| Individual insurance | 196 | 72.5 | 13,721 | 65.1 | 11,034 | 2,686 |
| Individual annuities | 42 | 295.9 | 1,020 | 502.3 | 1,097 | (77) |
| Sub total | 239 | 83.7 | 14,741 | 69.3 | 12,131 | 2,609 |
| Group insurance | - | - | 727 | 142.4 | 727 | - |
| Group annuities | - | - | 0 | 313.6 | 0 | - |

*Notes: 1. The number of new policies includes increase from conversion.*

*2. The new policy amount n for individual annuities is funds to be held at the time annuity payments are to commence for an annuity.*

*3. The new policy amount for group annuities is equal to the initial premium payment.*

### (3) Annualized Premiums

#### 1) Policy amount in force

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | % Change | Amount | % Change |
| Individual insurance | 458,215 | 94.0 | 431,361 | 94.1 |
| Individual annuities | 204,601 | 98.5 | 206,007 | 100.7 |
| Sub total | 662,816 | 95.3 | 637,368 | 96.2 |
| 3rd Sector | 112,107 | 102.4 | 111,075 | 99.1 |

#### 2) New policies

(Millions of yen, %)

| Category | Year ended March 31, 2007 | | Year ended March 31, 2008 | |
|---|---|---|---|---|
| | Amount | % Change | Amount | % Change |
| Individual insurance | 34,139 | 80.5 | 25,075 | 73.5 |
| Individual annuities | 2,462 | - | 7,692 | 312.4 |
| Sub total | 36,601 | 87.7 | 32,768 | 89.5 |
| 3rd Sector | 13,129 | 92.1 | 9,548 | 72.7 |

*Notes:* 1. *The new policies include net increase from conversion*
2. *The amounts are calculated by multiplying monthly premiums by 12, and dividing lump-sum payments by the insurance period.*
3. *The Japanese insurance market is legally divided into three major fields: the First Sector, which involves conventional life insurance; the Second Sector, which involves P&C insurance; and the Third Sector, which involves insuranc positioned between the two, including medical insurance, cancer insurance, accident insurance, and nursing care insurance.*

### (4) Policy Amount by Dividend Type (Individual insurance and annuities)

#### 1) Policy amount in force

(100 Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Participating | 62,904 | 35.7 | 55,201 | 32.1 |
| Semi-participating | 41,238 | 23.4 | 41,127 | 23.9 |
| Non-participating | 72,302 | 41.0 | 75,493 | 43.9 |
| Total | 176,445 | 100.0 | 171,822 | 100.0 |

#### 2) New policy amount

(100 Millions of yen, %)

| Category | Year ended March 31, 2007 | | Year ended March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Participating | 2 | 0.0 | 1 | 0.0 |
| Semi-participating | 2,449 | 15.5 | 2,586 | 21.3 |
| Non-participating | 13,361 | 84.5 | 9,543 | 78.7 |
| Total | 15,812 | 100.0 | 12,131 | 100.0 |

*Notes:* 1. *Semi-participating policies only pay dividends related to investment every five years.*
2. *The new policy amount does not include net increase from conversion.*

### (5) Average Amount of New Policies and Amount in Force (Individual insurance)

(Thousands of yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Average amount of new policies | 6,482 | 6,270 |
| Average amount in force | 4,368 | 4,533 |

*Note: The average amount of new policies does not include increase from conversion.*

### (6) New Policy Rate (New policy amount / policy amount in force at the beginning of fiscal year)

(%)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Individual insurance | 11.38 | 7.98 |
| Individual annuities | 0.93 | 2.87 |
| Sub total | 8.99 | 6.88 |
| Group insurance | 0.49 | 0.72 |

*Note: The above figures do not include increase from conversion.*

### (7) Surrender and Lapse Rate (Surrender and lapse amount / policy amount in force at the beginning of fiscal year)

(%)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Individual insurance | 10.59 | 9.34 |
| Individual annuities | 1.64 | 1.51 |
| Sub total | 8.55 | 7.64 |
| Group insurance | 1.85 | 0.08 |

### (8) Surrender and Lapse Amount

(Number: Thousands, 100 Millions of yen, %)

| Category | Year ended March 31, 2007 | | | | Year ended March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | | Amount | | Number | | Amount | |
| | | % Change | | % Change | | % Change | | % Change |
| Individual insurance | 168 | 88.4 | 14,379 | 92.1 | 153 | 91.4 | 12,908 | 89.8 |
| Individual annuities | 22 | 79.4 | 659 | 79.7 | 19 | 86.3 | 577 | 87.6 |
| Sub total | 190 | 87.2 | 15,038 | 91.5 | 173 | 90.8 | 13,486 | 89.7 |
| Group insurance | - | - | 1,937 | 29.1 | - | - | 81 | 4.2 |

### (9) Average Insurance Premium of Individual Insurance New Policies (Monthly premium)

(Yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Average insurance premium | 12,006 | 11,932 |

*Note: The above figures do not include increase from conversion.*

### (10) Average Assumed Investment Yield and Amount of Negative Spread

(Millions of yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Amount of negative spread | 24,638 | 17,602 |
| Investment yield on core profit | 2.30% | 2.40% |
| Average assumed investment yield | 2.74% | 2.72% |
| Individual insurance and annuities, included | 2.98% | 2.96% |
| Policy reserve in general account | 5,625,033 | 5,531,936 |

*Notes:*
1. *Method of calculating negative spread:*
   *(Investment yield on core profit [2.40%] - Average assumed investment yield [2.72%])*
   *x Policy reserve in general account [5,531.9 billion yen]*
2. *"Investment yield on core profit" is calculated by dividing numerator as investment revenues and expenses (investment profit in general account) included in core profit less amount of provision for accumulated interest due to policyholders by denominator as policy reserve in general account.*
3. *Average assumed investment yield is calculated by dividing numerator as assumed interest (general account only) by denominator as policy reserve in general account.*
4. *Policy reserve in general account represents the earned policy reserve calculated for policy reserve in general account less contingency reserve by Hardy method as follows:*
   *Hardy method: (Policy reserve at beginning of fiscal year + Policy reserve at end of fiscal year - Assumed interest) x (1/2)*

### (11) Mortality Rate for Individual Insurance

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Rate based on number of policies | 6.49‰ | 6.88‰ |
| Rate based on policy amount | 2.27‰ | 2.31‰ |

*Notes:*
1. *The above figures represent the rates of paid policies against passed policies.*
2. *1‰ (per mille) represents 1/1000.*

## 2.Indices Concerning Accounting

### (1) Reserve for Outstanding Claims

(Millions of yen)

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Insurance claims | Death benefits | 8,005 | 7,762 |
| | Accidental death benefits | 457 | 554 |
| | Disability benefits | 923 | 1,332 |
| | Maturity benefits | 674 | 271 |
| | Others | 464 | 424 |
| | Sub total | 10,524 | 10,346 |
| Annuity payments | | 807 | 840 |
| Insurance benefits | | 5,899 | 6,528 |
| Surrender payments | | 4,378 | 3,352 |
| Deferred insurance benefits | | 83 | 128 |
| Total, including others | | 22,121 | 21,542 |

### (2) Policy Reserve

(Millions of yen)

| Category | | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|---|
| Policy reserve (excluding contingency reserve) | Individual insurance | | 2,359,352 | 2,291,362 |
| | | General accounts | 2,358,753 | 2,290,837 |
| | | Separate accounts | 598 | 525 |
| | Individual annuities | | 2,498,927 | 2,482,683 |
| | | General accounts | 2,498,927 | 2,482,683 |
| | | Separate accounts | - | - |
| | Group insurance | | 11,547 | 11,490 |
| | | General accounts | 11,547 | 11,490 |
| | | Separate accounts | - | - |
| | Group annuities | | 791,738 | 760,408 |
| | | General accounts | 791,738 | 760,408 |
| | | Separate accounts | - | - |
| | Others | | 3,996 | 4,087 |
| | | General accounts | 3,996 | 4,087 |
| | | Separate accounts | - | - |
| | Sub total | | 5,665,562 | 5,550,033 |
| | | General accounts | 5,664,963 | 5,549,507 |
| | | Separate accounts | 598 | 525 |
| Contingency reserve | I | | 45,538 | 36,499 |
| | II | | 40,000 | 57,500 |
| | III | | 10 | 12 |
| | IV | | - | 7,969 |
| | Sub total | | 85,549 | 101,982 |
| Total | | | 5,751,111 | 5,652,015 |
| | | General accounts | 5,750,513 | 5,651,490 |
| | | Separate accounts | 598 | 525 |

### (3) Policy Reserve Calculating Methods and Ratios

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Calculating methods | Policies subject to standard policy reserve method | Net level premium reserve method | Net level premium reserve method |
| | Policies not subject to standard policy reserve method | Net level premium reserve method | Net level premium reserve method |
| Ratio of "amount of the company's policy reserve (excluding contingency reserve)" to "policy reserve required by regulatory standards" | | 100.0% | 100.0% |

*Notes:* 1. *The calculating methods and the ratios are set for individual insurance and individual annuities. The concept of accumulation method is not targeted at policy reserve for group insurance and group annuities, so these insurance policies are not included.*

2. *The ratio for policies to which the standard policy reserve method is applied is indicated in the method laid down in Notice No. 48 from the Ministry of Finance. The ratio for policies to which the standard policy reserve method is not applied is indicated for accumulated reserve for claims and unearned premiums calculated with the net level premium reserve method.*

### (4) Policy Reserve by Contract Year

(Millions of yen, %)

| Contract Year | Policy Reserve Amount | Assumed Investment Yield |
|---|---|---|
| - FY1980 | 3,641 | 4.00 – 5.50 |
| FY1981 - FY1985 | 359,567 | 1.00 – 6.00 |
| FY1986 - FY1990 | 791,899 | 1.00 – 6.00 |
| FY1991 - FY1995 | 814,509 | 1.00 – 5.75 |
| FY1996 - FY2000 | 1,186,410 | 1.75 – 2.75 |
| FY2001 | 300,398 | 1.50 – 2.00 |
| FY2002 | 259,735 | 1.50 |
| FY2003 | 228,421 | 1.50 |
| FY2004 | 208,619 | 1.50 |
| FY2005 | 192,593 | 1.50 |
| FY2006 | 174,431 | 1.50 |
| FY2007 | 253,292 | 1.50 |

*Notes:* 1. *The policy reserve amount stated above represents that of individual insurance and annuities excluding contingency reserve.*

2. *The assumed investment yields stated above represent the main yield used in calculating policy reserve for each contract year.*

### (5) Other Reserves

(Millions of yen)

| Category | As of March 31, 2007 | Increase | Decrease (used for specific purpose) | Decrease (used for other purpose) | As of March 31, 2008 |
|---|---|---|---|---|---|
| Reserve for possible loan losses | 2,364 | 2,558 | - | 2,364 | 2,558 |
| General reserve | 1,447 | 1,636 | - | 1,447 | 1,636 |
| Specific reserve | 916 | 922 | - | 916 | 922 |
| Reserve for bonus to directors and corporate auditors | 40 | 41 | 36 | 4 | 41 |
| Reserve for directors' and corporate auditors' retirement benefits | 1,481 | 255 | 35 | - | 1,700 |
| Reserve for price fluctuations | 42,563 | 20,733 | - | - | 63,296 |

*Notes:* 1. *"Decrease (used for other purpose)" of the general reserve for possible loan losses represents the recast based on the past loan loss ratio of general loan receivables.*

2. *"Decrease (used for other purpose)" of the specific reserve for possible loan losses represents collection and others through repayment.*

## (6) Insurance Premium

### 1) Payment method

(Millions of yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Individual insurance | 478,697 | 418,822 |
| [Single premiums] | 74,098 | 40,883 |
| [Annual payment] | 10,381 | 9,756 |
| [Semi-annual payment] | 1,255 | 1,145 |
| [Monthly payment] | 392,962 | 367,036 |
| Individual annuities | 97,820 | 113,265 |
| [Single premiums] | 18,828 | 36,995 |
| [Annual payment] | 0 | 0 |
| [Semi-annual payment] | - | - |
| [Monthly payment] | 78,991 | 76,269 |
| Group insurance | 34,776 | 34,068 |
| Group annuities | 92,801 | 68,110 |
| Total, including others | 705,293 | 635,544 |

### 2) Year

(Millions of yen)

| Category | | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|---|
| Individual insurance and annuities | First year | 120,771 | 100,816 |
| | Second and subsequent years | 455,745 | 431,270 |
| | Sub total | 576,517 | 532,087 |
| Group insurance | First year | 379 | 232 |
| | Second and subsequent years | 34,397 | 33,836 |
| | Sub total | 34,776 | 34,068 |
| Group annuities | First year | 4,048 | 297 |
| | Second and subsequent years | 88,753 | 67,812 |
| | Sub total | 92,801 | 68,110 |
| Total, including others | First year | 125,241 | 101,415 |
| | Second and subsequent years | 580,051 | 534,128 |
| | Total | 705,293 | 635,544 |
| | % Change | (14.3%) | (9.9%) |

### (7) Insurance Claims

(Millions of yen)

| Category | Year ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 49,665 | 28,082 | 3,231 | 18,421 | - | - | 3 | 49,739 |
| Accidental death benefits | 1,248 | 1,033 | - | 57 | - | - | - | 1,090 |
| Disability benefits | 2,365 | 1,490 | 97 | 1,225 | - | - | - | 2,813 |
| Maturity benefits | 329,297 | 249,590 | - | 0 | 14,590 | - | - | 264,181 |
| Others | 638 | 1,012 | 2 | 1 | - | - | 0 | 1,017 |
| Total | 383,215 | 281,209 | 3,331 | 19,707 | 14,590 | - | 4 | 318,842 |

### (8) Annuity Payments

(Millions of yen)

| Year ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 128,527 | - | 124,741 | 430 | 14,728 | 62 | - | 139,962 |

### (9) Insurance Benefits

(Millions of yen)

| Category | Year ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 6,141 | 901 | 5,185 | 4 | - | - | - | 6,090 |
| Hospitalization benefits | 22,002 | 21,835 | 250 | 22 | - | - | 86 | 22,195 |
| Operation benefits | 10,251 | 10,445 | 188 | - | - | - | - | 10,633 |
| Injury benefits | 58 | 57 | - | 13 | - | - | - | 70 |
| Survival benefits | 33,837 | 33,212 | - | - | - | 103 | - | 33,315 |
| Others | 32,810 | 134 | 24 | 11 | 34,779 | - | 1 | 34,950 |
| Total | 105,102 | 66,586 | 5,649 | 51 | 34,779 | 103 | 87 | 107,257 |

### (10) Surrender Payments

(Millions of yen)

| Year ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 95,662 | 60,170 | 26,881 | 24 | 10,722 | 159 | - | 97,958 |

### (11) Operating Expenses

(Millions of yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Sales activity related expenses | 20,855 | 17,707 |
| In-house sales representative expenses | 20,172 | 17,187 |
| Sales agent expenses | 219 | 192 |
| Underwriting expenses | 464 | 326 |
| Sales administrative expenses | 7,202 | 6,480 |
| Administrative / operational expenses | 4,930 | 4,237 |
| Expenses for training of in-house sales representatives | 1,716 | 1,543 |
| Advertising expenses | 554 | 700 |
| General administrative expenses | 50,753 | 52,900 |
| Personnel expenses | 21,395 | 22,324 |
| Non-Personnel expenses | 27,406 | 29,036 |
| [Donation and others] | [17] | [25] |
| Contributions | 668 | 321 |
| Burden charges | 1,283 | 1,217 |
| Total | 78,811 | 77,088 |

*Notes:* 1. *Major non-personnel expenses are system-related costs, rent expenses and benefit expenses.*

2. *The contributions are burden charges paid to former Life Insurance Policyholders' Protection Fund taken over by the current Life Insurance Policyholders' Protection Corporation in accordance with the provision of Clause 5, Article 140 of bylaws to the Law Concerning Establishment of Laws Related to the Financial System Reformation.*

3. *The burden charges are paid to the Life Insurance Policyholders' Protection Corporation in accordance with the provision of Article 259 of the Insurance Business Law.*

### (12) Operating Expense Ratio (Against insurance premiums)

| Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|
| 11.2% | 12.1% |

## 3. Status of General Account Assets

### (1) Investment performances

Taiyo Life's general account assets as of March 31, 2008 totaled to ¥6,179.6 billion, down ¥366.0 billion from the previous fiscal year-end.

In terms of major asset allocation, the Company focused on investments to yen interest income assets such as long-term government bonds and monetary claims purchased to pursue stable income flow. As for assets allocation other than yen interest income assets, the Company incresased the amount of investment trusts including alternative investment, while decreasing domestic and foreign stocks according the market environment.

For the year ended March 31,2008, investment income increased by ¥17.9 billion from the previous fiscal year, to ¥229.6 billion due to an increase in interest and dividend income and gains on sales of securities.
Investment expenses totaled to ¥75.3 billion, up ¥4.9 billion from the previous fiscal year, mainly due to an increase in devaluation losses on securities and losses on sales of securities, while decreasing losses from derivatives.
As a result, net investment income totaled to ¥154.2 billion, up ¥13.0 billion from the previous fiscal year.

Net unrealized gains on securities (See Note) as a whole were ¥266.6 billion, down ¥232.9 billion from the previous fiscal year-end, mainly due to a fall in domestic stock prices and appriciation of the yen.

*Note: Net unrealized gains on securities represent those with market value.*

## (2) Asset Composition

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 201,562 | 3.1 | 159,654 | 2.6 |
| Securities repurchased under resale agreements | - | - | - | - |
| Pledged money for bond borrowing transaction | - | - | - | - |
| Monetary claims purchased | 155,228 | 2.4 | 160,503 | 2.6 |
| Securities under proprietary accounts | - | - | - | - |
| Monetary trusts | - | - | - | - |
| Securities | 4,478,636 | 68.4 | 4,146,702 | 67.1 |
| Domestic bonds | 2,626,478 | 40.1 | 2,573,066 | 41.6 |
| Domestic stocks | 870,930 | 13.3 | 636,779 | 10.3 |
| Foreign securities | 863,699 | 13.2 | 865,294 | 14.0 |
| Foreign bonds | 581,817 | 8.9 | 560,613 | 9.1 |
| Foreign stocks and others | 281,882 | 4.3 | 304,681 | 4.9 |
| Other securities | 117,528 | 1.8 | 71,560 | 1.2 |
| Loans | 1,502,246 | 23.0 | 1,481,880 | 24.0 |
| Policy loans | 105,316 | 1.6 | 101,868 | 1.6 |
| Commercial loans | 1,396,930 | 21.3 | 1,380,012 | 22.3 |
| Property and equipment | 163,014 | 2.5 | 161,714 | 2.6 |
| Deferred tax assets | - | - | 11,299 | 0.2 |
| Deferred tax assets concerning revaluation | - | - | - | - |
| Other assets | 47,359 | 0.7 | 60,421 | 1.0 |
| Reserve for possible loan losses | (2,364) | (0.0) | (2,558) | (0.0) |
| Total | 6,545,684 | 100.0 | 6,179,618 | 100.0 |
| Foreign currency denominated assets included | 776,976 | 11.9 | 721,906 | 11.7 |

## (3) Changes in the Amount of Assets by Categories

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 42,855 | (41,908) |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 30,869 | 5,274 |
| Securities under proprietary accounts | - | - |
| Monetary trusts | (50) | - |
| Securities | (71,861) | (331,934) |
| Domestic bonds | (44,675) | (53,411) |
| Domestic stocks | (63,063) | (234,150) |
| Foreign securities | 396 | 1,595 |
| Foreign bonds | (37,383) | (21,204) |
| Foreign stocks and others | 37,779 | 22,799 |
| Other securities | 35,480 | (45,967) |
| Loans | (33,587) | (20,365) |
| Policy loans | (3,801) | (3,448) |
| Commercial loans | (29,785) | (16,917) |
| Property and equipment | (5,466) | (1,299) |
| Deferred tax assets | - | 11,299 |
| Deferred tax assets concerning revaluation | - | - |
| Other assets | (1,689) | 13,061 |
| Reserve for possible loan losses | (683) | (194) |
| Total | (39,612) | (366,066) |
| Foreign currency denominated assets included | (16,378) | (55,069) |

## (4) Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 137,257 | 142,024 |
| Interest income from deposits | 127 | 182 |
| Interest income and dividends from securities | 93,403 | 99,194 |
| Interest income from loans | 30,279 | 30,472 |
| Income from real estate for rent | 7,423 | 7,819 |
| Other income from interest and dividends | 6,023 | 4,354 |
| Gain on securities under proprietary accounts | - | - |
| Gains from monetary trusts, net | 0 | - |
| Gains on investments in trading securities, net | - | - |
| Gains on sale of securities | 74,223 | 87,291 |
| Gains on sale of domestic bonds | 895 | 3,004 |
| Gains on sale of domestic stocks | 61,881 | 47,962 |
| Gains on sale of foreign securities | 11,446 | 36,324 |
| Others | - | - |
| Gains on redemption of securities | - | - |
| Gains from derivatives, net | - | - |
| Foreign exchange gains, net | - | - |
| Other investment income | 155 | 299 |
| Total | 211,636 | 229,614 |

## (5) Investment Expenses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interest expenses | 1,624 | 1,674 |
| Losses on securities under proprietary accounts | - | - |
| Losses from monetary trusts, net | - | - |
| Losses on investments in trading securities, net | - | - |
| Losses on sale of securities | 45,329 | 51,942 |
| Losses on sale of domestic bonds | 13,843 | 7,845 |
| Losses on sale of domestic stocks | 19,256 | 31,190 |
| Losses on sale of foreign securities | 12,229 | 12,907 |
| Others | - | - |
| Devaluation losses on securities | 99 | 7,724 |
| Devaluation losses on domestic bonds | - | - |
| Devaluation losses on domestic stocks | 99 | 5,807 |
| Devaluation losses on foreign securities | - | 1,917 |
| Others | - | - |
| Amortization of securities | - | - |
| Losses from derivatives, net | 15,668 | 7,065 |
| Foreign exchange losses, net | 422 | 107 |
| Provision for reserve for possible loan losses | 684 | 194 |
| Write-offs of loans | - | 37 |
| Depreciation of real estate for rent | 2,485 | 2,434 |
| Other investment expenses | 4,044 | 4,149 |
| Total | 70,357 | 75,331 |

## (6) Net Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Total | 141,278 | 154,283 |

[Reference] Breakdown of gains / losses from derivatives, net

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interest-rate-related gains / losses | 27 | 4 |
| Currency-related gains / losses | (15,513) | (11,042) |
| Stock-related gains / losses | (182) | 3,972 |
| Bond-related gains / losses | - | - |
| Other gains / losses | - | - |
| Total | (15,668) | (7,065) |

## (7) Investment Income by Asset Categories

### 1) Investment yield

(%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash, deposits & call loans | 0.22 | 0.43 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 1.61 | 1.82 |
| Securities under proprietary accounts | - | - |
| Monetary trusts | 0.52 | - |
| Securities | 2.76 | 2.91 |
| Domestic bonds | 1.02 | 1.55 |
| Domestic stocks | 10.86 | 8.37 |
| Foreign securities | 3.26 | 5.26 |
| Other securities | 9.07 | (5.35) |
| Loans | 1.88 | 1.95 |
| Policy loans | 4.21 | 4.19 |
| Commercial loans | 1.70 | 1.78 |
| Property and equipment | 2.08 | 2.27 |
| Total general accounts | 2.31 | 2.56 |
| Foreign investments and loans receivable included | 2.63 | 4.84 |

*Notes: 1. The investment yield is calculated with the average daily balance of the book value as the denominator, and the difference between the profit on asset management and the loss on asset management in recurring earnings as the numerator.*
*The numerator for the yield of "Shares" and "General accounts" includes "Devaluation losses of trust securities."*
*2. Foreign investments and loans receivable are the total of foreign-currency-denominated assets and yen-denominated assets.*

### 2) Average daily balance

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash, deposits & call loans | 170,684 | 143,840 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 141,076 | 159,172 |
| Securities under proprietary accounts | - | - |
| Monetary trusts | 24 | - |
| Securities | 4,034,254 | 3,977,743 |
| Domestic bonds | 2,684,657 | 2,561,162 |
| Domestic stocks | 467,095 | 420,190 |
| Foreign securities | 806,872 | 888,590 |
| Other securities | 75,630 | 107,800 |
| Loans | 1,513,842 | 1,501,419 |
| Policy loans | 107,013 | 102,861 |
| Commercial loans | 1,406,828 | 1,398,557 |
| Property and equipment | 166,543 | 162,899 |
| Total general accounts | 6,103,295 | 6,018,157 |
| Foreign investments and loans receivable included | 976,063 | 1,010,264 |

## (8) Securities

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Percentage | Amount | Percentage |
| Government bonds | | 908,567 | 20.3 | 1,160,059 | 28.0 |
| Municipal bonds | | 535,207 | 12.0 | 443,854 | 10.7 |
| Corporate bonds | | 1,182,703 | 26.4 | 969,152 | 23.4 |
| | Public corporation bonds | 952,643 | 21.3 | 749,168 | 18.1 |
| Domestic stocks | | 870,930 | 19.4 | 636,779 | 15.4 |
| Foreign securities | | 863,699 | 19.3 | 865,294 | 20.9 |
| | Foreign bonds | 581,817 | 13.0 | 560,613 | 13.5 |
| | Foreign stocks and others | 281,882 | 6.3 | 304,681 | 7.3 |
| Other securities | | 117,528 | 2.6 | 71,560 | 1.7 |
| Total | | 4,478,636 | 100.0 | 4,146,702 | 100.0 |

## (9) Stock Holdings by Industry

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Percentage | Amount | Percentage |
| Fishery, agriculture and forestry | | 239 | 0.0 | 11 | 0.0 |
| Mining | | 1,818 | 0.2 | 578 | 0.1 |
| Construction | | 11,502 | 1.3 | 8,020 | 1.3 |
| Manufacturing industries | Food products | 7,342 | 0.8 | 5,613 | 0.9 |
| | Textiles and clothing | 7,824 | 0.9 | 6,735 | 1.1 |
| | Pulp and paper | 3,797 | 0.4 | 2,731 | 0.4 |
| | Chemicals | 43,610 | 5.0 | 28,759 | 4.5 |
| | Medicals | 16,450 | 1.9 | 11,218 | 1.8 |
| | Oil and coal products | 1,497 | 0.2 | 1,148 | 0.2 |
| | Rubber products | 1,744 | 0.2 | 1,072 | 0.2 |
| | Glass and stone products | 2,883 | 0.3 | 3,630 | 0.6 |
| | Steel | 45,530 | 5.2 | 29,820 | 4.7 |
| | Non-steel metals | 4,250 | 0.5 | 2,267 | 0.4 |
| | Metal products | 2,877 | 0.3 | 1,530 | 0.2 |
| | Machinery | 166,456 | 19.1 | 148,593 | 23.3 |
| | Electric appliances | 60,481 | 6.9 | 40,534 | 6.4 |
| | Transportation vehicles | 35,772 | 4.1 | 21,788 | 3.4 |
| | Precision machinery | 12,079 | 1.4 | 10,283 | 1.6 |
| | Others | 6,611 | 0.8 | 5,897 | 0.9 |
| Electric and gas utilities | | 29,284 | 3.4 | 16,048 | 2.5 |
| Transportation / information telecommunications | Ground transportation | 72,990 | 8.4 | 56,930 | 8.9 |
| | Water transportation | 4,577 | 0.5 | 3,161 | 0.5 |
| | Air transportation | 369 | 0.0 | 66 | 0.0 |
| | Warehouses / transportation | 876 | 0.1 | 482 | 0.1 |
| | Information / telecommunications | 18,449 | 2.1 | 9,100 | 1.4 |
| Commerce | Wholesaling | 24,552 | 2.8 | 26,268 | 4.1 |
| | Retailers | 6,380 | 0.7 | 7,265 | 1.1 |
| Financial services / insurance | Banking | 105,985 | 12.2 | 68,231 | 10.7 |
| | Securities and commodity futures trading | 38,725 | 4.4 | 22,363 | 3.5 |
| | Insurance | 23,670 | 2.7 | 18,974 | 3.0 |
| | Other financial services | 18,553 | 2.1 | 14,807 | 2.3 |
| Real estate | | 87,092 | 10.0 | 56,126 | 8.8 |
| Service companies | | 6,649 | 0.8 | 6,716 | 1.1 |
| Total | | 870,930 | 100.0 | 636,779 | 100.0 |

## (10) Securities by Contractual Maturity Dates

(Millions of yen)

| Category | As of March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 50,751 | 111,125 | 126,246 | 77,061 | 201,235 | 342,146 | 908,567 |
| Municipal bonds | 30,987 | 61,484 | 77,390 | 98,156 | 192,316 | 74,871 | 535,207 |
| Corporate bonds | 87,673 | 203,260 | 199,596 | 222,998 | 226,718 | 242,456 | 1,182,703 |
| Domestic Stocks | | | | | | 870,930 | 870,930 |
| Foreign securities | 68,357 | 147,118 | 100,550 | 61,627 | 99,813 | 386,232 | 863,699 |
| Foreign bonds | 68,225 | 138,864 | 100,550 | 61,627 | 95,012 | 117,536 | 581,817 |
| Foreign stocks and others | 131 | 8,254 | - | - | 4,800 | 268,696 | 281,882 |
| Other securities | 24 | 8,225 | 5,828 | - | 2,309 | 101,139 | 117,528 |
| Total | 237,793 | 531,215 | 509,612 | 459,844 | 722,393 | 2,017,776 | 4,478,636 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 83,710 | 120,438 | 126,320 | 66,122 | 199,785 | 563,682 | 1,160,059 |
| Municipal bonds | 21,836 | 51,439 | 63,617 | 122,672 | 107,256 | 77,031 | 443,854 |
| Corporate bonds | 55,744 | 156,308 | 149,890 | 199,278 | 122,230 | 285,701 | 969,152 |
| Domestic Stocks | | | | | | 636,779 | 636,779 |
| Foreign securities | 48,797 | 179,582 | 101,310 | 63,370 | 113,978 | 358,256 | 865,294 |
| Foreign bonds | 46,307 | 145,947 | 99,660 | 63,370 | 101,404 | 103,923 | 560,613 |
| Foreign stocks and others | 2,490 | 33,635 | 1,649 | - | 12,573 | 254,332 | 304,681 |
| Other securities | 131 | 5,528 | - | 1,581 | 1,522 | 62,796 | 71,560 |
| Total | 210,220 | 513,297 | 441,138 | 453,024 | 544,773 | 1,984,247 | 4,146,702 |

*Note: "Due after Ten Years" includes securities with maturity dates unfixed.*

## (11) Loans

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Policy loans | 105,316 | 101,868 |
| Policyholders loans | 102,820 | 99,523 |
| Premium loans | 2,495 | 2,344 |
| Commercial loans | 1,396,930 | 1,380,012 |
| [Loans to non-residents included] | [106,650] | [86,137] |
| Loans to corporations | 972,278 | 947,021 |
| [Loans to domestic corporations included] | [867,278] | [862,284] |
| Loans to Japanese government, government-related organizations and international organizations | 5,071 | 3,546 |
| Loans to Japanese local governments and public entities | 12,944 | 16,730 |
| Mortgage loans | 260,867 | 265,653 |
| Consumer loans | 126,794 | 128,719 |
| Others | 18,973 | 18,341 |
| Total | 1,502,246 | 1,481,880 |

## (12) Loans to Domestic Companies by Company Size

(Number, Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | | Percentage | | Percentage |
| Large-sized corporations | Number of debtors | 179 | 72.8 | 175 | 73.5 |
| | Amount | 753,967 | 86.9 | 747,652 | 86.7 |
| Medium-sized corporations | Number of debtors | 4 | 1.6 | 4 | 1.7 |
| | Amount | 5,600 | 0.6 | 6,667 | 0.8 |
| Small- and medium-sized corporations | Number of debtors | 63 | 25.6 | 59 | 24.8 |
| | Amount | 107,710 | 12.4 | 107,965 | 12.5 |
| Total | Number of debtors | 246 | 100.0 | 238 | 100.0 |
| | Amount | 867,278 | 100.0 | 862,284 | 100.0 |

*Notes:*

*1. Corporations are grouped as follows:*

| Business type | (i) All except (ii)-(iv) | | (ii) Retail & restaurants | | (iii) Services | | (iv) Wholesalers | |
|---|---|---|---|---|---|---|---|---|
| Large-sized corporations | With employees more than 300, and | With a capital of 1 billion yen or more | With more than 50 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more |
| Medium-sized corporations | | With a capital of more than 300 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 100 million yen and less than 1 billion yen |
| Small- and medium-sized corporations | With a capital of 300 million yen or less, or regular employees of 300 or less | | With a capital of 50 million yen or less, or regular employees of 50 or less | | With a capital of 50 million yen or less, or regular employees of 100 or less | | With a capital of 100 million yen or less, or regular employees of 100 or less | |

*2. The number of debtors represents those who have an obligation, net of loans to the Company, not the number of loan transactions.*

## (13) Loans by Industry

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Percentage | Amount | Percentage |
| Domestic | Manufacturing industries | 120,536 | 8.6 | 131,396 | 9.5 |
| | Food products | 1,641 | 0.1 | 1,921 | 0.1 |
| | Textiles and clothing | 1,600 | 0.1 | 4,850 | 0.4 |
| | Timber and wood products | - | - | - | - |
| | Pulp and paper | 3,680 | 0.3 | 6,118 | 0.4 |
| | Printing | - | - | - | - |
| | Chemicals | 17,234 | 1.2 | 17,909 | 1.3 |
| | Oil and coal | 7,125 | 0.5 | 4,000 | 0.3 |
| | Ceramic and stone products | 1,610 | 0.1 | 600 | 0.0 |
| | Steel | 36,132 | 2.6 | 39,487 | 2.9 |
| | Non-steel metals | 3,479 | 0.2 | 4,833 | 0.4 |
| | Metal products | - | - | - | - |
| | Machinery | 12,379 | 0.9 | 16,215 | 1.2 |
| | Electric appliances | 13,201 | 0.9 | 14,699 | 1.1 |
| | Transportation vehicles | 20,970 | 1.5 | 19,345 | 1.4 |
| | Precision machinery | 1,191 | 0.1 | 1,126 | 0.1 |
| | Others | 290 | 0.0 | 290 | 0.0 |
| | Agriculture | - | - | - | - |
| | Forestry | - | - | - | - |
| | Fisheries | - | - | - | - |
| | Mining | - | - | - | - |
| | Construction | 6,159 | 0.4 | 4,770 | 0.3 |
| | Electricity, gas heat supply and water supply | 27,525 | 2.0 | 23,823 | 1.7 |
| | Information and telecommunication | 13,376 | 1.0 | 14,984 | 1.1 |
| | Transportation | 56,599 | 4.1 | 56,402 | 4.1 |
| | Wholesalers | 106,270 | 7.6 | 102,735 | 7.4 |
| | Retailers | 11,507 | 0.8 | 8,710 | 0.6 |
| | Financial services/insurance | 342,595 | 24.5 | 308,349 | 22.3 |
| | Real estate | 79,004 | 5.7 | 90,820 | 6.6 |
| | Service companies | 114,254 | 8.2 | 129,517 | 9.4 |
| | Local governments | 5,813 | 0.4 | 9,651 | 0.7 |
| | Mortgage and consumer and others | 406,635 | 29.1 | 412,713 | 29.9 |
| | Total | 1,290,280 | 92.4 | 1,293,875 | 93.8 |
| Overseas | Government organizations | 1,650 | 0.1 | 1,400 | 0.1 |
| | Financial institutions | 7,000 | 0.5 | 7,000 | 0.5 |
| | Commerce and industry companies | 98,000 | 7.0 | 77,737 | 5.6 |
| | Total | 106,650 | 7.6 | 86,137 | 6.2 |
| Grand total | | 1,396,930 | 100.0 | 1,380,012 | 100.0 |

## (14) Loans by Contractual Maturity Dates

(Millions of yen)

| Category | As of March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Floating rates loans | 46,884 | 56,274 | 55,601 | 57,603 | 23,831 | 52,363 | 292,558 |
| Fixed rates loans | 139,110 | 186,200 | 222,651 | 292,121 | 142,896 | 121,390 | 1,104,371 |
| Total | 185,994 | 242,475 | 278,253 | 349,724 | 166,728 | 173,753 | 1,396,930 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Floating rates loans | 32,573 | 49,076 | 65,906 | 40,781 | 31,805 | 51,587 | 271,732 |
| Fixed rates loans | 96,420 | 215,565 | 293,236 | 205,388 | 139,337 | 158,331 | 1,108,280 |
| Total | 128,994 | 264,642 | 359,143 | 246,170 | 171,143 | 209,919 | 1,380,012 |

*Note: "Due after Ten Years" includes loans with maturity dates unfixed.*

## (15) Foreign Investments

### 1) Investments by asset category

**a.Foreign currency denominated assets (yen amount not fixed)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | 584,290 | 57.5 | 543,427 | 55.9 |
| Foreign stocks | 124,638 | 12.3 | 84,705 | 8.7 |
| Cash, deposits & others | 68,047 | 6.7 | 93,773 | 9.6 |
| Total | 776,976 | 76.5 | 721,906 | 74.3 |

**b.Denominated in foreign currency(yen amount fixed with forward currency exchange contracts)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | - | - | - | - |
| Cash, deposits & others | - | - | - | - |
| Total | - | - | - | - |

**c.Yen denominated assets** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Loans to non-residents | 106,650 | 10.5 | 86,137 | 8.9 |
| Foreign bonds | 43,194 | 4.3 | 37,873 | 3.9 |
| Foreign stocks & other securities | 89,380 | 8.8 | 126,345 | 13.0 |
| Others | - | - | - | - |
| Total | 239,224 | 23.5 | 250,356 | 25.7 |

**d.Total [ (a)+(b)+(c) ]** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign investments and loans | 1,016,200 | 100.0 | 972,262 | 100.0 |
| (Real estate held abroad included) | - | - | - | - |

*Note: "Denominated in foreign currency(yen amount fixed with forward currency exchange contracts)" are assets whose amounts in yen to be received at the settlement are fixed by making exchange contracts, and are included in the Balance Sheet.*

### 2) Foreign currency denominated assets by currency

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| US dollar | 263,420 | 33.9 | 261,846 | 36.3 |
| Euro | 309,832 | 39.9 | 275,732 | 38.2 |
| British pound | 25,205 | 3.2 | 22,483 | 3.1 |
| Canadian dollar | 53,565 | 6.9 | 46,028 | 6.4 |
| Swedish krona | 63,414 | 8.2 | 50,128 | 6.9 |
| Hong Kong dollar | 61,538 | 7.9 | 61,811 | 8.6 |
| Others | - | - | 3,876 | 0.5 |
| Total | 776,976 | 100.0 | 721,906 | 100.0 |

### 3) Investments by region

(Millions of yen, %)

| Category | As of March 31, 2007 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | Foreign bonds | | Foreign stocks and other securities | | Loans to non-residents | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 322,582 | 37.3 | 253,006 | 43.5 | 69,575 | 24.7 | 9,000 | 8.4 |
| Europe | 339,437 | 39.3 | 310,396 | 53.3 | 29,041 | 10.3 | 64,000 | 60.0 |
| Oceania | - | - | - | - | - | - | - | - |
| Asia | 58,594 | 6.8 | - | - | 58,594 | 20.8 | - | - |
| Latin America | 136,002 | 15.7 | 11,331 | 1.9 | 124,671 | 44.2 | 33,000 | 30.9 |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - | - | - |
| International organizations | 7,082 | 0.8 | 7,082 | 1.2 | - | - | 650 | 0.6 |
| Total | 863,699 | 100.0 | 581,817 | 100.0 | 281,882 | 100.0 | 106,650 | 100.0 |

(Millions of yen, %)

| Category | As of March 31, 2008 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | Foreign bonds | | Foreign stocks and other securities | | Loans to non-residents | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 273,022 | 31.6 | 239,731 | 42.8 | 33,291 | 10.9 | 9,000 | 10.4 |
| Europe | 362,119 | 41.8 | 307,487 | 54.8 | 54,632 | 17.9 | 50,000 | 58.0 |
| Oceania | - | - | - | - | - | - | - | - |
| Asia | 62,723 | 7.2 | - | - | 62,723 | 20.6 | - | - |
| Latin America | 160,287 | 18.5 | 6,252 | 1.1 | 154,034 | 50.6 | 26,737 | 31.0 |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - | - | - |
| International organizations | 7,142 | 0.8 | 7,142 | 1.3 | - | - | 400 | 0.5 |
| Total | 865,294 | 100.0 | 560,613 | 100.0 | 304,681 | 100.0 | 86,137 | 100.0 |

## (16) Valuation Gains on Trading Securities

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Net valuation gains/losses | Current fair value and carrying value | Net valuation gains/losses |
| Trading securities | 6,574 | 5 | 5,721 | (989) |
| Monetary trusts | - | - | - | - |
| Separate accounts | 6,574 | 5 | 5,721 | (989) |

*Note: "Monetary trusts" is composed of securities held in monetary trust.*

## (17) Fair Value Information on Securities (those with current fair value excluding trading securities)

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | Gains | Losses |
| Held-to-maturity securities | 367,982 | 364,727 | (3,255) | 1,709 | 4,964 |
| Domestic bonds | 230,062 | 227,468 | (2,594) | 1,225 | 3,820 |
| Monetary claims purchased | 132,920 | 132,259 | (661) | 483 | 1,144 |
| Certificates of deposit | 5,000 | 4,999 | (0) | - | 0 |
| Policy reserve matching bonds | 1,654,986 | 1,660,914 | 5,927 | 10,391 | 4,463 |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 2,011,945 | 2,508,936 | 496,990 | 504,915 | 7,924 |
| Domestic bonds | 736,526 | 741,429 | 4,902 | 6,553 | 1,650 |
| Domestics stocks | 428,171 | 853,871 | 425,699 | 429,036 | 3,336 |
| Foreign securities | 719,991 | 773,799 | 53,807 | 55,795 | 1,987 |
| Foreign bonds | 563,924 | 581,817 | 17,893 | 18,747 | 854 |
| Foreign stocks and others | 156,067 | 191,981 | 35,914 | 37,047 | 1,133 |
| Other securities | 104,600 | 117,528 | 12,927 | 13,506 | 579 |
| Money claims purchased | 22,654 | 22,307 | (346) | 23 | 370 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 4,034,914 | 4,534,577 | 499,662 | 517,015 | 17,353 |
| Domestic bonds | 2,621,575 | 2,629,811 | 8,236 | 18,170 | 9,934 |
| Domestic stocks | 428,171 | 853,871 | 425,699 | 429,036 | 3,336 |
| Foreign securities | 719,991 | 773,799 | 53,807 | 55,795 | 1,987 |
| Foreign bonds | 563,924 | 581,817 | 17,893 | 18,747 | 854 |
| Foreign stock and others | 156,067 | 191,981 | 35,914 | 37,047 | 1,133 |
| Other securities | 104,600 | 117,528 | 12,927 | 13,506 | 579 |
| Monetary claims purchased | 155,575 | 154,567 | (1,007) | 507 | 1,515 |
| Certificates of deposit | 5,000 | 4,999 | (0) | - | 0 |
| Others | - | - | - | - | - |

*Notes: 1. The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Securities and Exchange Law.*

*2. Monetary trusts do not include other than trading securities.*

*The carrying value before mark-to-market of securities without any current fair value is as follows:

(Millions of yen)

| Category | As of March 31, 2007 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Others | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | 4,680 |
| Available-for-sale securities | 101,795 |
| Unlisted domestic stocks | 12,378 |
| Unlisted foreign stocks | - |
| Unlisted foreign bonds | - |
| Others | 89,417 |
| Total | 106,476 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | Gains | Losses |
| Held-to-maturity securities | 376,807 | 381,229 | 4,421 | 6,130 | 1,709 |
| Domestic bonds | 235,392 | 236,794 | 1,402 | 3,065 | 1,663 |
| Monetary claims purchased | 139,415 | 142,434 | 3,019 | 3,065 | 45 |
| Certificates of deposit | 2,000 | 2,000 | 0 | 0 | - |
| Policy reserve matching bonds | 1,604,753 | 1,654,025 | 49,272 | 49,438 | 166 |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 2,080,911 | 2,293,907 | 212,996 | 275,792 | 62,796 |
| Domestic bonds | 720,431 | 732,920 | 12,489 | 12,750 | 260 |
| Domestics stocks | 409,839 | 620,411 | 210,571 | 228,968 | 18,396 |
| Foreign securities | 850,185 | 850,911 | 725 | 32,700 | 31,974 |
| Foreign bonds | 553,216 | 560,613 | 7,396 | 13,915 | 6,518 |
| Foreign stocks and others | 296,968 | 290,297 | (6,670) | 18,785 | 25,456 |
| Other securities | 79,599 | 68,575 | (11,023) | 1,094 | 12,118 |
| Money claims purchased | 20,855 | 21,087 | 232 | 278 | 46 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 4,062,472 | 4,329,162 | 266,689 | 331,362 | 64,672 |
| Domestic bonds | 2,560,576 | 2,623,741 | 63,164 | 65,254 | 2,090 |
| Domestic stocks | 409,839 | 620,411 | 210,571 | 228,968 | 18,396 |
| Foreign securities | 850,185 | 850,911 | 725 | 32,700 | 31,974 |
| Foreign bonds | 553,216 | 560,613 | 7,396 | 13,915 | 6,518 |
| Foreign stock and others | 296,968 | 290,297 | (6,670) | 18,785 | 25,456 |
| Other securities | 79,599 | 68,575 | (11,023) | 1,094 | 12,118 |
| Monetary claims purchased | 160,271 | 163,522 | 3,251 | 3,343 | 92 |
| Certificates of deposit | 2,000 | 2,000 | 0 | 0 | - |
| Others | - | - | - | - | - |

*Notes: 1. The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Financial Instruments and Exchange Law.*

*2. Monetary trusts do not include other than trading securities.*

*The carrying value before mark-to-market of securities without any current fair value is as follows:

(Millions of yen)

| Category | As of March 31, 2008 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Others | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | 4,680 |
| Available-for-sale securities | 29,388 |
| Unlisted domestic stocks (except OTC-traded stocks) | 11,687 |
| Unlisted foreign stocks (except OTC-traded stocks) | 4,061 |
| Unlisted foreign bonds | - |
| Others | 13,639 |
| Total | 34,069 |

*Note: For the year ended March31,2008,the foreign preferred securities classified as securities without marked value was changed its category to securities with market value.*

*The followings are unrealized profits and losses on the carrying value for the yen-translated foreign securities out of securities without current fair value, and the securities with current fair value.

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | Gains | Losses |
| Held-to-maturity securities | 367,982 | 364,727 | (3,255) | 1,709 | 4,964 |
| Domestic bonds | 230,062 | 227,468 | (2,594) | 1,225 | 3,820 |
| Monetary claims purchased | 132,920 | 132,259 | (661) | 483 | 1,144 |
| Certificates of deposit | 5,000 | 4,999 | (0) | - | 0 |
| Policy reserve matching bonds | 1,654,986 | 1,660,914 | 5,927 | 10,391 | 4,463 |
| Stocks of subsidiaries and affiliated companies | 4,680 | 4,680 | - | - | - |
| Available-for-sale securities | 2,113,741 | 2,611,214 | 497,473 | 505,416 | 7,943 |
| Domestic bonds | 736,526 | 741,429 | 4,902 | 6,553 | 1,650 |
| Domestics stocks | 440,549 | 866,249 | 425,699 | 429,036 | 3,336 |
| Foreign securities | 809,409 | 863,699 | 54,290 | 56,296 | 2,006 |
| Foreign bonds | 563,924 | 581,817 | 17,893 | 18,747 | 854 |
| Foreign stocks and others | 245,484 | 281,882 | 36,397 | 37,548 | 1,151 |
| Other securities | 104,600 | 117,528 | 12,927 | 13,506 | 579 |
| Money claims purchased | 22,654 | 22,307 | (346) | 23 | 370 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 4,141,391 | 4,641,537 | 500,146 | 517,517 | 17,371 |
| Domestic bonds | 2,621,575 | 2,629,811 | 8,236 | 18,170 | 9,934 |
| Domestic stocks | 445,230 | 870,930 | 425,699 | 429,036 | 3,336 |
| Foreign securities | 809,409 | 863,699 | 54,290 | 56,296 | 2,006 |
| Foreign bonds | 563,924 | 581,817 | 17,893 | 18,747 | 854 |
| Foreign stock and others | 245,484 | 281,882 | 36,397 | 37,548 | 1,151 |
| Other securities | 104,600 | 117,528 | 12,927 | 13,506 | 579 |
| Monetary claims purchased | 155,575 | 154,567 | (1,007) | 507 | 1,515 |
| Certificates of deposit | 5,000 | 4,999 | (0) | - | 0 |
| Others | - | - | - | - | - |

*Note: The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Securties and Exchange Law.*

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | Gains | Losses |
| Held-to-maturity securities | 376,807 | 381,229 | 4,421 | 6,130 | 1,709 |
| Domestic bonds | 235,392 | 236,794 | 1,402 | 3,065 | 1,663 |
| Monetary claims purchased | 139,415 | 142,434 | 3,019 | 3,065 | 45 |
| Certificates of deposit | 2,000 | 2,000 | 0 | 0 | - |
| Policy reserve matching bonds | 1,604,753 | 1,654,025 | 49,272 | 49,438 | 166 |
| Stocks of subsidiaries and affiliated companies | 4,680 | 4,680 | - | - | - |
| Available-for-sale securities | 2,110,299 | 2,322,963 | 212,663 | 276,158 | 63,495 |
| Domestic bonds | 720,431 | 732,920 | 12,489 | 12,750 | 260 |
| Domestics stocks | 421,527 | 632,099 | 210,571 | 228,968 | 18,396 |
| Foreign securities | 865,046 | 865,294 | 248 | 32,922 | 32,674 |
| Foreign bonds | 553,216 | 560,613 | 7,396 | 13,915 | 6,518 |
| Foreign stocks and others | 311,829 | 304,681 | (7,148) | 19,007 | 26,155 |
| Other securities | 82,439 | 71,560 | (10,878) | 1,239 | 12,118 |
| Money claims purchased | 20,855 | 21,087 | 232 | 278 | 46 |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 4,096,542 | 4,362,899 | 266,356 | 331,728 | 65,371 |
| Domestic bonds | 2,560,576 | 2,623,741 | 63,164 | 65,254 | 2,090 |
| Domestic stocks | 426,208 | 636,779 | 210,571 | 228,968 | 18,396 |
| Foreign securities | 865,046 | 865,294 | 248 | 32,922 | 32,674 |
| Foreign bonds | 553,216 | 560,613 | 7,396 | 13,915 | 6,518 |
| Foreign stock and others | 311,829 | 304,681 | (7,148) | 19,007 | 26,155 |
| Other securities | 82,439 | 71,560 | (10,878) | 1,239 | 12,118 |
| Monetary claims purchased | 160,271 | 163,522 | 3,251 | 3,343 | 92 |
| Certificates of deposit | 2,000 | 2,000 | 0 | 0 | - |
| Others | - | - | - | - | - |

*Note: The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Financial instruments and Exchange Law.*

## (18) Fair Value Information on Monetary Trusts

(Millions of yen)

| Category | As of March 31, 2007 | | | | | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains/losses | | | Carrying value | Current fair value | Net unrealized gains/losses | | |
| | | | | Gains | Losses | | | | Gains | Losses |
| Monetary trusts | - | - | - | - | - | - | - | - | - | - |

* Monetary trusts for investment

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Carrying value | Net valuation gains/losses | Carrying value | Net valuation gains/losses |
| Monetary trusts for investment | - | - | - | - |

* Monetary trusts for held-to-maturity securities, policy reserve matching bonds and available-for-sale securities

(Millions of yen)

| Category | As of March 31, 2007 | | | | | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | | | Carrying value before mark-to-market | Current fair value | Net unrealized gains/losses | | |
| | | | | Gains | Losses | | | | Gains | Losses |
| Held-to-maturity securities | - | - | - | - | - | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - | - | - | - | - | - |
| Available-for-sale securities | - | - | - | - | - | - | - | - | - | - |
| Jointly operated and designed monetary trusts | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - |

## (19) Fair Value Information on Real Estate

(Millions of yen)

| Category | As of March 31, 2007 | | | | | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains/losses | | | Carrying value | Current fair value | Net unrealized gains/losses | | |
| | | | | Gains | Losses | | | | Gains | Losses |
| Land | 98,452 | 110,141 | 11,688 | 21,279 | 9,590 | 98,424 | 134,258 | 35,833 | 43,045 | 7,211 |
| Leasehold | 156 | 117 | (39) | 12 | 51 | 156 | 130 | (26) | 13 | 39 |
| Total | 98,609 | 110,258 | 11,649 | 21,291 | 9,642 | 98,581 | 134,388 | 35,807 | 43,058 | 7,251 |

*Note: Current fair value are calculated based on the appraisal price or posted price.*

## (20) Fair Value Information on Derivative Transactions (total transactions to which hedge accounting is or is not applied)

### 1) Breakdown of net gains/losses (breakdown of transactions hedge accounting appplied and not applied)

(Millions of yen)

| | As of March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Interest-rate-related | Currency-related | Stock-related | Bond-related | Others | Total |
| Hedge accounting appplied | (733) | (3,562) | - | - | - | (4,295) |
| Hedge accounting not appplied | - | (250) | - | - | - | (250) |
| Total | (733) | (3,812) | - | - | - | (4,546) |

(Millions of yen)

| | As of March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Interest-rate-related | Currency-related | Stock-related | Bond-related | Others | Total |
| Hedge accounting appplied | 1,298 | 6,822 | 1,115 | - | - | 9,235 |
| Hedge accounting not appplied | - | 3,064 | - | - | - | 3,064 |
| Total | 1,298 | 9,887 | 1,115 | - | - | 12,300 |

*Note: Accrued interest of interest-rate-related net gains/losses applied hedge accounting. [69 million yen: as of March 31, 2007; 51 million yen: as of March 31, 2008], currency-related net gains/losses with fair value hedge accounting [(3,562) million yen: as of March 31, 2007; (6,822) million yen: as of March 31, 2008], stock-related net gains /losses[1,115million yen:as of March31,2008]and net gains/losses not applied hedge accounting are recorded on the statement of operations.*

### 2) Interest-rate-related derivative transactions

(Millions of yen)

| Category | Type | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) |
| OTC | Interest rate swaps<br>Receipts fixed, payments floating | 146,024 | 116,235 | (733) | (733) | 144,827 | 121,783 | 1,298 | 1,298 |
| Total | | | | | (733) | | | | 1,298 |

*Note: Valuation gains/losses indicate the current market or fair value.*

### (Reference) Balance of notional principal of interest rate swapping by term to maturity

(Millions of yen)

| | As of March 31,2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 year or shorter | 1 year to 3 years | 3 years to 5 years | 5 years to 7 years | 7 years to 10 years | Over 10 years | Total |
| Receipts fixed, payments floating | 29,789 | 35,836 | 35,453 | 34,500 | 10,445 | - | 146,024 |
| (Average rate received) | 1.06% | 1.36% | 1.61% | 1.52% | 1.80% | - | 1.43% |
| (Average rate paid) | 0.73% | 1.20% | 1.07% | 1.05% | 0.89% | - | 1.01% |

(Millions of yen)

| | As of March 31,2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 year or shorter | 1 year to 3 years | 3 years to 5 years | 5 years to 7 years | 7 years to 10 years | Over 10 years | Total |
| Receipts fixed, payments floating | 23,043 | 30,176 | 48,536 | 29,515 | 13,555 | - | 144,827 |
| (Average rate received) | 1.34% | 1.38% | 1.58% | 1.75% | 1.81% | - | 1.56% |
| (Average rate paid) | 1.43% | 1.39% | 1.41% | 1.18% | 1.15% | - | 1.34% |

### 3) Currency-related derivative transactions

(Millions of yen)

| Category | Type | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) |
| OTC | Exchange contracts | | | | | | | | |
| | Sold | 376,822 | - | 380,635 | (3,812) | 417,923 | - | 408,036 | 9,887 |
| | US dollar | 81,551 | - | 80,725 | 826 | 146,291 | - | 138,360 | 7,930 |
| | Euro | 201,479 | - | 205,728 | (4,248) | 190,955 | - | 191,321 | (366) |
| | British pound | 9,727 | - | 9,599 | 128 | 10,003 | - | 9,737 | 266 |
| | Canadian dollar | 37,481 | - | 37,602 | (121) | 35,233 | - | 32,669 | 2,564 |
| | Swedish krona | 46,582 | - | 46,979 | (397) | 35,439 | - | 35,947 | (508) |
| Total | | | | | (3,812) | | | | 9,887 |

*Notes: 1. Exchange rate as of the end of each fiscal year is used for futures rate .*

*2. This disclosure excludes foreign-currency-dominated monetary receivables and payables which are recorded in yen in the balance sheets, for the reason the settlement amount in yen is fixed based on the exchange contract.*

*3. Valuation gans/losses indicate the difference between the contracted amount and the current market or fair value.*

### 4) Stock-related derivative transactions

(Millions of yen)

| Category | Type | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 year | Current market or fair value | Valuation gains (losses) |
| OTC | Future contracts | | | | | | | | |
| | Sold | | | | | | | | |
| | Put | - | - | | | 22,135 | - | 21,020 | 1,115 |
| Total | | | | | - | | | | 1,115 |

*Note: Valuation gans/losses indicate the difference between the contracted amount and the current market or fair value.*

### 5) Bond-related derivative transactions

The Company did not have any balances of bond-related derivative transactions as of March 31, 2007 and 2008.

### 6) Others

The Company did not have any balances of other derivative transactions as of March 31, 2007 and 2008.

## 4. Status of Separate Account Assets

### (1) Balance of Separate Account Assets

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| | Amount | Amount |
| Individual variable insurance | 6,822 | 5,975 |
| Individual variable annuities | - | - |
| Group annuities | - | - |
| Total of separate account | 6,822 | 5,975 |

### (2) Status of Individual Variable Insurance (Separate Accounts)

#### 1) Total number of policies and total policy amount in force

(Number, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Variable insurance (term-life) | 298 | 323 | 274 | 298 |
| Variable insurance (whole-life) | 529 | 1,504 | 522 | 1,492 |
| Total | 827 | 1,827 | 796 | 1,790 |

#### 2) Asset composition

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 203 | 3.0 | 210 | 3.5 |
| Securities | 6,574 | 96.4 | 5,721 | 95.8 |
| Domestic bonds | 1,978 | 29.0 | 2,036 | 34.1 |
| Domestic stocks | 2,336 | 34.3 | 1,752 | 29.3 |
| Foreign securities | 2,259 | 33.1 | 1,932 | 32.3 |
| Foreign bonds | 771 | 11.3 | 744 | 12.5 |
| Foreign stock and others | 1,487 | 21.8 | 1,187 | 19.9 |
| Other securities | - | - | - | - |
| Loans | - | - | - | - |
| Others | 43 | 0.6 | 43 | 0.7 |
| Reserve for possible loan losses | - | - | - | - |
| Total | 6,822 | 100.0 | 5,975 | 100.0 |

### 3) Net investment gains/losses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| | Amount | Amount |
| Interests, dividends and income from real estate for rent | 120 | 129 |
| Gains on sale of securities | 187 | 146 |
| Gains on redemption of securities | - | - |
| Valuation gains on securities | 1,325 | 464 |
| Foreign exchange gains, net | 1 | 1 |
| Gains from derivatives, net | - | - |
| Other investment income | 0 | 1 |
| Losses on sale of securities | 57 | 87 |
| Amortization of securities | - | - |
| Devaluation losses on securities | 1,319 | 1,453 |
| Foreign exchange losses, net | 1 | 2 |
| Losses from derivatives, net | - | - |
| Other investment expenses | 0 | 0 |
| Net investment gains/losses | 256 | (800) |

### 4) Valuation gains/losses on trading securities

(Millions of yen)

| Category | As of March31,2007 | | As of March31,2008 | |
|---|---|---|---|---|
| | Current fair value and carrying Value | Net valuation gains/losses | Current fair value and carrying Value | Net valuation gains/losses |
| Trading securities | 6,574 | 5 | 5,721 | (989) |

### 5) Fair value information on monetary trusts

The Company did not have any balances of monetary trusts as of March 31, 2007 and 2008.

### 6) Fair value information on derivative transactions

Interest-rate-related derivative transactions
Currency-related derivative transactions
Stock-related derivative transactions
Bond-related derivative transactions
Others

} The Company did not have any balances of these transactions as of March 31, 2007 and 2008.

## (3) Status of Individual Variable Annuities (Separate Accounts)

The Company did not have any balances of individual variable annuities on separate accounts as of March 31, 2007 and 2008.

## 5. Reconciliation to Core Profit and Ordinary Profit

### (1) Reconciliation to Core Profit

(Millions of yen)

| Category | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Core Revenues | 952,099 | 929,482 |
| Income from Insurance Premiums | 705,582 | 635,739 |
| Insurance premiums | 705,293 | 635,544 |
| Ceded reinsurance recoveries | 289 | 195 |
| Investment Income | 137,670 | 142,323 |
| Interest, dividends and income from real estate for rent | 137,257 | 142,024 |
| Other investment income | 155 | 299 |
| Gains on separate accounts, net | 256 | - |
| Other Ordinary Income | 108,846 | 151,420 |
| Income related to withheld insurance claims and other payments for future annuity payments | 705 | 360 |
| Income due to withheld insurance payments | 30,808 | 32,807 |
| Reversal of reserve for outstanding claims | - | 578 |
| Reversal of policy reserves (except contingency reserve) | 74,323 | 115,528 |
| Reversal of reserve for employees' retirement benefits | 809 | - |
| Other ordinary profit | 2,199 | 2,143 |
| Other Core Revenues | 0 | - |
| Core Expenses | 898,114 | 876,419 |
| Insurance Claims and Other Payments | 772,881 | 747,133 |
| Insurance claims | 383,215 | 318,842 |
| Annuity payments | 128,527 | 139,962 |
| Insurance benefits | 105,102 | 107,257 |
| Surrender payments | 95,662 | 97,958 |
| Other payments | 60,111 | 82,868 |
| Reinsurance payments | 262 | 243 |
| Provision for Policy and Other Reserves | 1,731 | 105 |
| Investment Expenses | 8,117 | 9,248 |
| Interest expense | 1,624 | 1,674 |
| Provision for general reserve for possible loan losses | (35) | 188 |
| Depreciation of real estate for rent | 2,485 | 2,434 |
| Other investment expenses | 4,044 | 4,149 |
| Losses on separate accounts, net | - | 800 |
| Operating Expenses | 78,811 | 77,088 |
| Other Ordinary Expenses | 36,572 | 42,843 |
| Payments related to withheld insurance claims | 24,496 | 28,605 |
| Taxes | 4,868 | 4,686 |
| Depreciation | 5,199 | 5,089 |
| Provision for reserve for employees' retirement benefits | - | 1,531 |
| Other ordinary losses | 2,007 | 2,930 |
| Other Core Expenses | - | - |

| | | |
|---|---|---|
| Core Profit | 53,984 | 53,063 |

## (2) Reconciliation to Ordinary Profit

(Millions of yen)

| | Year ended March 31, 2007 | Year ended March 31, 2008 |
|---|---|---|
| Core profit (A) | 53,984 | 53,063 |
| Capital gains | 74,223 | 87,291 |
| Gains from monetary trusts, net | - | - |
| Gains on investments in trading securities, net | - | - |
| Gains on sale of securities | 74,223 | 87,291 |
| Gains from derivatives, net | - | - |
| Foreign exchange gains, net | - | - |
| Others | - | - |
| Capital losses | 61,520 | 66,840 |
| Losses from monetary trusts, net | - | - |
| Losses on investments in trading securities, net | - | - |
| Losses on sale of securities | 45,329 | 51,942 |
| Devaluation losses on securities | 99 | 7,724 |
| Losses from derivatives, net | 15,668 | 7,065 |
| Foreign exchange losses, net | 422 | 107 |
| Others | - | - |
| Total capital gains/losses (B) | 12,703 | 20,451 |
| Core profit reflecting capital gains/losses (A)+(B) | 66,687 | 73,514 |
| Other one-time gains | - | - |
| Ceding reinsurance recoveries | - | - |
| Reversal of contingency reserve | - | - |
| Others | - | - |
| Other one-time losses | 15,024 | 16,476 |
| Reinsurance premiums | - | - |
| Provision for contingency reserve | 14,304 | 16,432 |
| Provision for specific reserve for possible loans losess | 720 | 5 |
| Provision for specific reserve for loans to refinancing countries | - | - |
| Write-off of loans | - | 37 |
| Others | - | - |
| Other one-time gains/losses (C) | (15,024) | (16,476) |
| Ordinary profit (A)+(B)+(C) | 51,662 | 57,038 |

*Note: For the year ended March 31, 2007, income gains of (0) million yen on gains from monetary trusts are included in other core revenues of core profit instead of gains from monetary trusts, net.*

## 6. Disclosed Claims under the Insurance Business Law

(Millions of yen)

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Claims against bankrupt and quasi-bankrupt obligors | a | 557 | 448 |
| Claims with collection risk | b | 1,004 | 1,002 |
| Claims for special attention | c | 4,198 | 3,884 |
| Sub total | a + b + c | 5,760 | 5,335 |
| % of Total | | 0.38% | 0.36% |
| Claims against normal obligors | d | 1,501,481 | 1,481,523 |
| Total | a + b + c + d | 1,507,242 | 1,486,858 |

*Notes:* 1. *Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.*
2. *Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.*
3. *Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in Notes 1 or 2 above.*
4. *Claims against normal obligors are all other loans.*

## 7. Risk Monitored Loans (Under the Insurance Business Law)

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Loans to bankrupt companies | 336 | 282 |
| Past due loans | 1,225 | 1,168 |
| Loans overdue for three months or more | 4,165 | 3,854 |
| Restructured loans | 32 | 30 |
| Total | 5,760 | 5,335 |
| % of total loans | 0.38% | 0.36% |

*Notes:* 1. *Certain past due loans and loans to bankrupt companies were written off and charged to the reserve for possible loan losses. As of March 31, 2008, write-offs relating to bankrupt companies amounted to 13.0 million yen and past due loans totaled to 3.7 million yen. The Company have no write-offs as of March 31, 2007.*
2. *Loans to bankrupt companies are loans to obligors that are subject to bankruptcy, corporate reorganization, or rehabilitation or other similar proceedings on which a company has stopped accruing interest after determining that collection or repayment of principal or interest is impossible due to a significant delay in payment of principal or interest or for some other reason.*
3. *Past due loans are loans (other than the loans described in Note 2 above and the loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting the obligor) on which a company has stopped accruing interest based on self-assessment.*
4. *Loans overdue for three months or more are loans, other than the loans described in Note 2 or 3 above, on which principal and/or interest are in arrears for three months or more.*
5. *Restructured loans are loans, other than the loans described in Note 2, 3, or 4 above, for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims, and/or other terms in favor of the obligor for purposes of restructuring or supporting the obligor.*

## (Reference) Reserve for Possible Loan Losses

### (1) Reserve for Possible Loan Losses

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| General reserve for possible loan losses | 1,447 | 1,636 |
| Specific reserve for possible loan losses | 916 | 922 |
| Specific reserve for loans to refinancing countries | - | - |
| Total | 2,364 | 2,558 |

### (2) Specific Reserve for Possible Loan Losses

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Transfer | 916 | 922 |
| Reversal | 196 | 916 |
| Net transfer | 720 | 5 |

*Note: The amount of reversal indicated above does not include the amount of reversal made for any specific purpose.*

### (3) Specific Reserve for Loans to Refinancing Countries

**1) Specific reserve for loans to refinancing countries**

The Company held no specific reserve for loans to refinancing countries as of March 31, 2007 and 2008.

**2) Loan outstanding by country**

The Company held no loan outstanding by country as of March 31, 2007 and 2008.

### (4) Write-off of Loans

The Company held no write-off of loans as of March 31, 2007 and had write-off of loans in the amount of 37 million yen of March 31, 2008.

## (Reference) Self-Assessment of Loans

Self-assessment of assets means individually reviewing each asset, and categorizing it according to risks in collection or deterioration of the value as an asset, which should provide the basis for adequate write-offs or reservation, and creation of reliable financial statements.

According to their risks in collection or deterioration of the value as an asset, assets are categorized into four classes from Class I - IV. Class I is composed of assets with no problem.

Taiyo Life has established the internal criteria for self-assessment, and write-offs and reservation, and is carrying out strict self-assessment, and write-offs and reserve.

In the results of self-assessment as of March 31, 2008, the Company deducted all assets categorized Class IV as uncollectible, and calculated the expected losses on each asset in Class III, and added the adequate reserve. Thus, the Company is making efforts to keep soundness of its assets.

**Self-Assessment of Loans** (Millions of yen)

| Classifications | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Before write-offs / reservation | After write-offs / reservation | Before write-offs / reservation | After write-offs / reservation |
| Class I | 1,485,628 | 1,486,542 | 1,443,606 | 1,444,522 |
| Class II | 20,600 | 20,600 | 42,236 | 42,236 |
| Class III | 1,013 | 100 | 1,016 | 100 |
| Class IV | 0 | - | 37 | - |
| Total exposures | 1,507,242 | 1,507,242 | 1,486,896 | 1,486,858 |

*Note: The total exposures include securities lent, guarantee endorsements, interest payable and suspense payments in addition to loans. The interest payable and suspense payments included here are limited to those related to loans and securities lent.*

## 8. Solvency Margin Ratio

(Millions of yen)

| Items | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Total solvency margin | (A) | 895,485 | 698,527 |
| Common stock,etc. | | 154,776 | 158,482 |
| Reserve for price fluctuations | | 42,563 | 63,296 |
| Contingency reserve | | 85,549 | 101,982 |
| Reserve for possible loan losses | | 1,447 | 1,636 |
| Net unrealized gains on available-for-sale securities (before tax) (x 90 per cent, if gains; x 100 per cent, if losses) | | 447,726 | 191,396 |
| Net unrealized gains (losses) on real estate (x 85 per cent, if gains; x 100 per cent, if losses) | | (26,065) | (1,498) |
| Excess amount of policy reserve based on Zillmer method | | 61,285 | 52,370 |
| Unallotted portion of reserve for policyholder dividends | | 21,374 | 21,715 |
| Future profits | | 6,757 | 6,982 |
| Deferred tax assets | | 45,069 | 47,163 |
| Subordinated debt | | 55,000 | 55,000 |
| Deductible items | | - | - |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ | (B) | 162,744 | 139,617 |
| Insurance risk | $R_1$ | 37,068 | 27,378 |
| Assumed investment yield risk | $R_2$ | 23,727 | 22,889 |
| Investment risk | $R_3$ | 130,785 | 108,708 |
| Business risk | $R_4$ | 3,831 | 3,339 |
| Minimum guarantee risk | $R_7$ | 16 | 16 |
| 3rd sector insurance risk | $R_8$ | — | 7,969 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | | 1,100.4% | 1,000.6% |

*Notes:* 1. *The above figures were calculated on the basis of the provisions of Articles 86 and 87 of the Enforcement Ordinance of Insurance Business Law as well as Notification No. 50 of 1996 by the Ministry of Finance.*

2. *"Common stock,etc." represents net assets on the balance sheet less total valuation and translation adjustments, and estimated appropriation paid in cash.*

3. *"Excess amount of policy reserve based on Zillmer method"in Total solvency margin above was described as "Excess of amount of surrender payment"in the fiscal year ended March 31,2007.*

4. *The figures of "minimum guarantee risk" were calculated on the basis of the regulatory standard.*

5. *As for December 31, 2007, "3rd sector insurance risk R8" is included in calculation. As for December 31, 2006 and March 31, 2007, the ratio is calculated according to the former rule.*

## 9. Adjusted Net Assets

(Millions of yen)

| Item | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Adjusted net assets | 834,661 | 659,726 |

*Note: The above figures were calculated according to the orders providing classifications, etc. that are stipulated in 132.2 of Insurance Business Law, and descriptions provided in Notification No. 2 issued in January 1999 by Financial Supervisory Agency and Ministry of Finance.*

May 19, 2008
Taiyo Life Insurance Company

# Supplementary Data for the Fiscal Year Ended March 31, 2008
# Non-Consolidated Financial Results at Press Conference

## (1) Sales Results

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Six Months Ended September 30, 2007 | | Fiscal Year Ended March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Annualized premiums of new policies | 36,601 | (12.3) | 16,428 | (12.5) | 32,768 | (10.5) |
| 3rd sector products | 13,129 | (7.9) | 4,673 | (32.4) | 9,548 | (27.3) |
| Annualized premiums of total policies | 662,816 | (4.7) | 649,304 | (4.5) | 637,368 | (3.8) |
| 3rd sector products | 112,107 | 2.4 | 111,428 | (0.1) | 111,075 | (0.9) |
| Income from insurance premiums | 705,582 | (14.3) | 330,321 | (9.1) | 635,739 | (9.9) |
| Individual insurance and annuities | 576,517 | (5.4) | 271,542 | (6.2) | 532,087 | (7.7) |
| Group insurance and annuities | 127,578 | (40.0) | 58,117 | (20.7) | 102,178 | (19.9) |
| New policy amount | 2,127,375 | (25.0) | 724,038 | (38.5) | 1,474,153 | (30.7) |
| Policy amount in force | 17,644,524 | 0.3 | 17,367,005 | (2.2) | 17,182,229 | (2.6) |
| Surrender & lapse amount | 1,503,878 | (8.5) | 693,536 | (7.5) | 1,348,619 | (10.3) |
| Surrender & lapse rate | 8.55% | (1.14 points) | 3.93% | (0.33 points) | 7.64% | (0.91points) |

*Notes:*

*1. New policy amount and policy amount in force include individual insurance and annuities.*

*2. Surrender and lapse amount does not include reinstatement*

*3. Surrender and lapse rates for the six months ended September 30, 2007 is not annualized.*

*4. Annualized premiums include individual insurance and annuities, and exclude the net increase from conversion.*

## (2) Assets

(Millions of yen, %)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Total assets | 6,552,504 | (0.6) | 6,549,192 | 0.9 | 6,185,591 | (5.6) |
| Adjusted net asset | 834,661 | 10.2 | 893,331 | 30.2 | 659,726 | (21.0) |
| Adjusted net asset / General account assets | 12.8 | 1.3 points | 13.7 | 3.1 points | 10.7 | (2.1points) |
| Solvency margin ratio | 1,100.4 | 55.2 points | 1,153.9 | 137.3 points | 1,000.6 | (99.8points) |

## (3) Core Profit / Amount of Negative Spread / Investment Yield

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| Core profit | Amount | % Change | Amount | % Change | Amount |
| | 53,984 | 41.3 | 53,063 | (1.7) | 46,000 |

(Millions of yen)

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| Amount of negative spread | Amount | Change | Amount | Change | Amount |
| | 24,638 | (13,886) | 17,602 | (7,035) | 20,000 |

(%)

| | Fiscal Year Ended March 31, 2007 | Fiscal Year Ended March 31, 2008 | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|
| Investment yield for core profit | 2.30 | 2.40 | approx. 2.3 |
| Investment yield - general account | 2.31 | 2.56 | approx. 1.9 |
| Average assumed investment yield | 2.74 | 2.72 | approx. 2.7 |

### (4) Policy and Other Reserves

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Policy reserve *(Note 1)* | 5,665,562 | (74,323) | 5,614,340 | (95,675) | 5,550,033 | (115,528) |
| General account | 5,664,963 | (74,215) | 5,613,750 | (95,578) | 5,549,507 | (115,455) |
| Separate account | 598 | (107) | 590 | (97) | 525 | (73) |
| Reserve for price fluctuations | 42,563 | 16,503 | 52,959 | 23,522 | 63,296 | 20,733 |
| Contingency reserve | 85,549 | 14,304 | 84,718 | 8,751 | 101,982 | 16,432 |
| Contingency reserve 1 | 45,538 | 824 | 36,713 | (8,481) | 36,499 | (9,038) |
| Contingency reserve 2 | 40,000 | 13,480 | 40,000 | 9,240 | 57,500 | 17,500 |
| Contingency reserve 3 | 10 | - | 11 | 1 | 12 | 2 |
| Contingency reserve 4 | - | - | 7,992 | 7,992 | 7,969 | 7,969 |
| Contingency reserve fund | - | - | - | - | - | - |
| Price fluctuation reserve fund | - | - | - | - | - | - |
| Appropriated retained earnings for general purposes *(Note 2)* | 40,000 | - | 40,000 | - | 40,000 | - |

*Notes:*

*1. The amount of policy reserve excludes the amount of contingency reserve.*

*2. Appropriated retained earnings for general purposes as of March 31, 2006 and 2007 above are total amount after the appropriation of profit. Appropriated retained earnings as of March 31, 2008 above are the balance after the approval of the proposal for the appropriated retained earnings in the general meeting of shareholders as scheduled.*

### (5) Unrealized Gains / Losses

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Securities | 499,662 | 33,040 | 547,905 | 168,479 | 266,689 | (232,973) |
| Domestic stocks | 425,699 | (23,117) | 448,636 | 97,922 | 210,571 | (215,127) |
| Domestic bonds | 8,236 | 31,524 | 11,886 | 26,676 | 63,164 | 54,927 |
| Foreign securities | 53,807 | 29,252 | 82,420 | 44,071 | 725 | (53,081) |
| Real estate (domestic land and lease) | 11,649 | 16,294 | 12,925 | 16,692 | 35,807 | 24,157 |

### (6) Investment for the Fiscal Year Ended March 31, 2008

(Millions of yen)

| | Net Increase (decrease) | Forecast for the Fiscal Year Ending March 31, 2008 |
|---|---|---|
| Domestic stocks | (19,022) | Slight decrease |
| Domestic bonds | (60,998) | Level-Off |
| Foreign stocks, etc. | 66,344 | Slight Increase |
| Foreign bonds | (10,707) | decrease |
| Real estate | (1,299) | Level-Off |

*Note: Net increase (decrease) is based on carring value before mark-to-market.*

### (7) Level of Indices where Unrealized Gains/Losses on Assets are Break-even as of March 31, 2008

| | | |
|---|---|---|
| NIKKEI average | approx. | 8,270 Yen |
| TOPIX | approx. | 800 Points |
| Yen-denominated bonds | approx. | 1.6% |
| Foreign securities | approx. | 101 Yen |

*Notes:*

*1. These figures are calculated based on asset holdings as of March 31, 2008 assuming that our asset portfolio is the same as those of the NIKKEI average, TOPIX, 10-Year JGB and U.S .dollar / yen rate. Because our portfolio is not necessarily the same as these indices, actual results may differ from above figures.*

*2. The indices for Yen-denominated bonds are calculated on a 10-Year JGB yield basis (March31, 2008: 1.28%).*

*3. The indices of Foreign securities is calculated based on a U.S. dollar/yen rate basis (March 31, 2008: 100.19 yen). Currency hedged position to which applied hedge accounting rule are excluded in the calculation.*

### (8) Performance Forecast

(Billions of yen)

| | Fiscal Year Ending March 31, 2009 |
|---|---|
| Income from insurance premiums | 650 |
| Annualized premiums of total policies | 620 |
| Policy amount in force | 17,070 |

*Notes:*

*1. Policy amount in force includes individual insurance and annuities*

*2. The above forecasts for the year ending March 31, 2008 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based of risks and uncertainties that may affect the Company's businesses.*

### (9) Cross Holdings with Domestic Banks as of March 31, 2008

i) Contributions from Domestic Banks (Millions of yen)

| | Amount |
|---|---|
| Funds | None |
| Subordinated loans and debentures | 30,000 |

ii) Contributions to Domestic Banks (Millions of yen)

| | Amount |
|---|---|
| Bank stocks held | 68,231 |
| Subordinated loans and debentures | 281,545 |

### (10) Number of Employees and Agents

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| In-house sales representatives | 8,116 | (9.4) | 7,807 | (7.1) | 7,619 | (6.1) |
| Administrative Personnel | 2,735 | 1.1 | 2,961 | 7.1 | 2,927 | 7.0% |

### (11) OTC Sales through Banks

(Millions of yen)

| | | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Total Sales since October 2002 (Lifting of ban on sales of individual annuities) | |
|---|---|---|---|---|---|---|---|
| | | Amount | % Change | Amount | % Change | Amount | % Change |
| Fixed annuities | Number | - | - | 55 | - | 55 | - |
| | Amount | - | - | 86 | - | 86 | - |

*Notes:*

*1.The Credit union begun to sell the products at OTC Sales in January, 2008.*

*2.The product at OTC Sales is the lump-sum fixed annuity only.*

# NON-CONSOLIDATED FINANCIAL SUMMARY

(For the fiscal year ended March 31, 2008)

May 19, 2008

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| | |
|---|---|
| Name of Company: | **T&D Holdings, Inc.** (Financial Summary for Daido Life Insurance Company) |
| Stock Listings: | Tokyo, Osaka |
| Security Code No.: | 8795 |
| Head Office: | Tokyo, Japan |
| URL: | http://www.td-holdings.co.jp/e/ |

## *1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 - March 31, 2008)*

(1) Results of Operations

*Note: Amounts of less than one million yen have been eliminated, and percentages have been rounded to the nearest percent.*

| | Ordinary Revenues | % change | Ordinary Profit | % change | Core Profit | % change | Net Income | % change |
|---|---|---|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥1,136,330 million | 7.0 | ¥104,665 million | (13.7) | ¥124,893 million | (0.7) | ¥30,456 million | (29.4) |
| Year ended March 31, 2007 | ¥1,061,817 million | (0.1) | ¥121,247 million | 21.9 | ¥125,791 million | 30.9 | ¥43,157 million | 10.4 |

| | Net Income Per Share | Net Income Per Share (Fully Diluted) | Ratio of Net Income to Shareholders' Equity | Ratio of Ordinary Profit to Total Assets | Ratio of Ordinary Profit to Ordinary Revenues |
|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥20,304.51 | - | 6.2% | 1.7% | 9.2% |
| Year ended March 31, 2007 | ¥28,771.58 | - | 7.2% | 1.9% | 11.4% |

*Notes:*

1. *Core Profit is a measure of a life insurance company's underlying profitability from core insurance operations on a non-consolidated basis, defined as ordinary profit excluding "capital gains and losses" such as gains and losses on sale of securities and devaluation losses on securities and "other one-time gains and losses" such as provision for (reversal of) contingency reserve and write-off of loans.*
2. % changes for ordinary revenues and ordinary profit, etc. are presented in comparison with the same term of the previous fiscal year.

(2) Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| As of March 31, 2008 | ¥6,047,881 million | ¥374,410 million | 6.2% | ¥249,606.91 |
| As of March 31, 2007 | ¥6,397,075 million | ¥604,789 million | 9.5% | ¥403,193.21 |

*Note: Shareholder's equity: as of March 31, 2008: ¥374,410 million; as of March 31, 2007: ¥604,789 million.*

## *2. Dividends*

| | Annual Dividends per Share | | | Dividends Paid for the Year | Payout Ratio | Dividends on Net Assets |
|---|---|---|---|---|---|---|
| | | Interim | Year-End | | | |
| Year ended March 31, 2007 | ¥6,602.00 | ¥- | ¥6,602.00 | ¥9,903 million | 22.9% | 1.7% |
| Year ended March 31, 2008 | ¥5,439.00 | ¥- | ¥5,439.00 | ¥8,158 million | 26.8% | 1.7% |

## *3. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

Daido Life's forecasts are omitted. Please refer to T&D Holdings' *"Consolidated Forecasts for the Year Ending March 31, 2009"* section in this material *"Consolidated Financial Summary for the fiscal year ended March 31, 2008"*.

## *4. Others*

(1) Significant Changes in Accounting Principle and Procedure and Changes in Presentation Method for Consolidated Financial Summary:

Changes due to the revision of accounting standards: Applicable

Changes due to other factors : None

*Note: Please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Consolidated Financial Summary for the fiscal year ended March 31, 2008".*

(2) Number of Outstanding Shares (Common Stock):

Number of outstanding shares including treasury stock at the end of the year: as of March 31, 2008: 1,500,000
as of March 31, 2007: 1,500,000

Number of treasury stock at the end of the term: None

Average number of outstanding shares during the term: for the fiscal year ended March 31, 2008: 1,500,000
for the fiscal year ended March 31, 2007: 1,500,000

## Daido Life Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Assets:** | | | | | |
| Cash and deposits | 292,155 | 4.6 | 169,470 | 2.8 | (122,685) |
| Cash | 103 | | 79 | | (24) |
| Deposit | 292,052 | | 169,391 | | (122,660) |
| Call loans | 150,000 | 2.4 | 127,800 | 2.1 | (22,200) |
| Monetary claims purchased | 295,305 | 4.6 | 270,089 | 4.5 | (25,215) |
| Monetary trusts | 100,846 | 1.6 | 104,603 | 1.7 | 3,756 |
| Securities | 4,410,118 | 68.9 | 4,159,633 | 68.8 | (250,485) |
| Government bonds | 349,897 | | 545,191 | | 195,293 |
| Municipal bonds | 859,122 | | 770,384 | | (88,738) |
| Corporate bonds | 1,042,508 | | 1,078,512 | | 36,004 |
| Domestic stocks | 550,053 | | 375,682 | | (174,371) |
| Foreign securities | 707,654 | | 653,482 | | (54,172) |
| Other securities | 900,881 | | 736,380 | | (164,500) |
| Loans | 932,974 | 14.6 | 890,392 | 14.7 | (42,582) |
| Policy loans | 79,685 | | 83,103 | | 3,417 |
| Commercial loans | 853,289 | | 807,289 | | (45,999) |
| Tangible fixed assets | 146,936 | 2.3 | 140,434 | 2.3 | (6,502) |
| Land | 80,464 | | 78,045 | | (2,419) |
| Buildings | 64,849 | | 61,013 | | (3,835) |
| Construction in progress | 142 | | 14 | | (127) |
| Other tangible fixed assets | 1,480 | | 1,361 | | (118) |
| Intangible fixed assets | 9,094 | 0.1 | 8,634 | 0.2 | (460) |
| Software | 7,976 | | 7,520 | | (455) |
| Other intangible fixed assets | 1,118 | | 1,113 | | (4) |
| Due from agencies | 1,466 | 0.0 | 1,381 | 0.0 | (84) |
| Due from reinsurers | 777 | 0.0 | 708 | 0.0 | (68) |
| Other assets | 58,443 | 0.9 | 131,583 | 2.2 | 73,140 |
| Accounts receivable | 24,458 | | 91,442 | | 66,984 |
| Prepaid expenses | 1,226 | | 1,285 | | 58 |
| Accrued income | 18,787 | | 17,129 | | (1,658) |
| Deposit for rent | 3,763 | | 3,802 | | 38 |
| Margin for futures contracts | 128 | | - | | (128) |
| Derivatives | 7,504 | | 15,204 | | 7,700 |
| Suspense payable | 751 | | 625 | | (125) |
| Other assets | 1,821 | | 2,093 | | 271 |
| Deferred tax assets | - | - | 44,178 | 0.7 | 44,178 |
| Reserve for possible loan losses | (1,043) | (0.0) | (1,029) | (0.0) | 13 |
| **Total assets** | 6,397,075 | 100.0 | 6,047,881 | 100.0 | (349,194) |

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Liabilities:** | | | | | |
| Policy reserves | 5,474,512 | 85.6 | 5,392,173 | 89.2 | (82,339) |
| Reserve for outstanding claims | 46,385 | | 48,481 | | 2,095 |
| Policy reserve | 5,297,223 | | 5,216,507 | | (80,715) |
| Reserve for policyholder dividends | 130,903 | | 127,184 | | (3,719) |
| Due to reinsurers | 407 | 0.0 | 388 | 0.0 | (19) |
| Short-term debenture | 20,000 | 0.3 | 27,971 | 0.5 | 7,971 |
| Other liabilities | 53,982 | 0.8 | 101,827 | 1.7 | 47,845 |
| Income taxes payable | 3,677 | | 3,873 | | 195 |
| Accounts payable | 23,469 | | 73,506 | | 50,037 |
| Accrued expenses | 11,505 | | 10,351 | | (1,153) |
| Unearned income | 3,817 | | 3,495 | | (322) |
| Deposit received | 772 | | 584 | | (188) |
| Guarantee deposits | 6,341 | | 6,642 | | 300 |
| Derivatives | 1,382 | | 495 | | (886) |
| Suspense receipt | 3,016 | | 2,878 | | (137) |
| Reserve for bonus to directors and corporate auditors | 63 | 0.0 | 74 | 0.0 | 10 |
| Reserve for employees' retirement benefits | 74,722 | 1.2 | 75,555 | 1.2 | 832 |
| Reserve for directors' and corporate auditors' retirement benefits | 1,747 | 0.0 | 1,921 | 0.0 | 174 |
| Reserve for price fluctuations | 61,585 | 1.0 | 73,558 | 1.2 | 11,972 |
| Deferred tax liabilities | 105,263 | 1.6 | - | - | (105,263) |
| **Total liabilities** | 5,792,285 | 90.5 | 5,673,470 | 93.8 | (118,814) |
| **Net assets:** | | | | | |
| Common stock | 75,000 | 1.2 | 75,000 | 1.2 | - |
| Capital surplus | 54 | 0.0 | 54 | 0.0 | - |
| Retained earnings | 166,236 | 2.6 | 186,790 | 3.1 | 20,553 |
| Legal reserve for future losses | 9,157 | | 11,137 | | 1,980 |
| Other retained earnings | 157,079 | | 175,652 | | 18,573 |
| Provision for advanced depreciation on real estate | 1,559 | | 1,559 | | - |
| Provision for 100th anniversary project | 11 | | - | | (11) |
| General reserve | 100,000 | | 130,000 | | 30,000 |
| Unappropriated retained earnings | 55,507 | | 44,092 | | (11,415) |
| Total stockholders' equity | 241,290 | 3.8 | 261,844 | 4.3 | 20,553 |
| Net unrealized gains on securities | 362,721 | 5.7 | 111,873 | 1.9 | (250,847) |
| Gains on deferred hedge | 778 | 0.0 | 692 | 0.0 | (85) |
| Total valuation and translation adjustments | 363,499 | 5.7 | 112,566 | 1.9 | (250,933) |
| **Total net assets** | 604,789 | 9.5 | 374,410 | 6.2 | (230,379) |
| **Total liabilities and net assets** | 6,397,075 | 100.0 | 6,047,881 | 100.0 | (349,194) |

## Daido Life Unaudited Non-Consolidated Statements of Operations

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Ordinary revenues** | 1,061,817 | 100.0 | 1,136,330 | 100.0 | 74,512 |
| **Income from insurance premiums** | 865,254 | | 843,336 | | (21,917) |
| Insurance premiums | 864,247 | | 842,168 | | (22,079) |
| Ceded reinsurance recoveries | 1,006 | | 1,168 | | 162 |
| **Investment income** | 183,345 | | 205,775 | | 22,429 |
| Interest, dividends and income from real estate for rent | 129,458 | | 144,744 | | 15,286 |
| Interest income from deposits | 6,968 | | 6,529 | | (439) |
| Interest income and dividends from securities | 93,983 | | 106,641 | | 12,658 |
| Interest income from loans | 18,954 | | 18,735 | | (219) |
| Interest from real estate for rent | 6,396 | | 7,678 | | 1,282 |
| Other income from interest and dividends | 3,156 | | 5,159 | | 2,003 |
| Gains from monetary trust, net | 8,092 | | 13,955 | | 5,862 |
| Gains on investment in trading securities, net | 17,824 | | - | | (17,824) |
| Gains on sales of securities | 18,756 | | 14,913 | | (3,843) |
| Gains from derivatives, net | - | | 29,377 | | 29,377 |
| Other investment income | 2,685 | | 2,783 | | 97 |
| Gains on separate accounts, net | 6,526 | | - | | (6,526) |
| **Other ordinary income** | 13,217 | | 87,218 | | 74,000 |
| Income related to withheld insurance claims and other payments for future annuity | 311 | | 613 | | 302 |
| Income due to withheld insurance payments | 2,552 | | 2,745 | | 193 |
| Reversal of policy reserve | 9,300 | | 80,715 | | 71,414 |
| Other ordinary income | 1,053 | | 3,143 | | 2,090 |
| **Ordinary expenses** | 940,570 | 88.6 | 1,031,664 | 90.8 | 91,094 |
| **Insurance claims and other payments** | 758,211 | | 804,318 | | 46,107 |
| Insurance claims | 268,182 | | 272,443 | | 4,260 |
| Annuity payments | 27,978 | | 30,106 | | 2,127 |
| Insurance benefits | 174,681 | | 178,426 | | 3,744 |
| Surrender payments | 248,907 | | 253,823 | | 4,916 |
| Other payments | 37,415 | | 68,577 | | 31,162 |
| Reinsurance premiums | 1,045 | | 941 | | (104) |
| **Provision for policy and other reserves** | 3,518 | | 2,900 | | (617) |
| Provision for reserve for outstanding claims | 2,664 | | 2,095 | | (569) |
| Interest portion of reserve for policyholder dividends | 853 | | 805 | | (48) |
| **Investment expenses** | 44,143 | | 94,648 | | 50,504 |
| Interest expenses | 165 | | 265 | | 99 |
| Losses on investment in trading securities, net | - | | 25,192 | | 25,192 |
| Losses on sales of securities | 5,744 | | 10,086 | | 4,341 |
| Devaluation losses on securities | 610 | | 19,429 | | 18,818 |
| Losses from derivatives, net | 20,324 | | - | | (20,324) |
| Foreign exchange losses, net | 5,696 | | 6,083 | | 386 |
| Write-off of loans | - | | 121 | | 121 |
| Depreciation of real estate for rent | 2,716 | | 3,343 | | 627 |
| Other investment expenses | 8,884 | | 13,844 | | 4,959 |
| Losses on separate accounts, net | - | | 16,282 | | 16,282 |
| **Operating expenses** | 111,815 | | 114,170 | | 2,354 |
| **Other ordinary expenses** | 22,881 | | 15,627 | | (7,254) |
| Payments related to withheld insurance claims | 2,344 | | 2,880 | | 535 |
| Taxes | 6,647 | | 6,733 | | 85 |
| Depreciation | 4,149 | | 4,306 | | 156 |
| Provision for reserve for employees' retirement benefits | 7,405 | | 579 | | (6,826) |
| Other ordinary expenses | 2,334 | | 1,127 | | (1,207) |
| **Ordinary profit** | 121,247 | 11.4 | 104,665 | 9.2 | (16,581) |

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Extraordinary gains** | 3,095 | 0.3 | 5,141 | 0.5 | 2,046 |
| Gains on disposal of fixed assets | 7 | | 5,058 | | 5,050 |
| Reversal of reserve for possible loan losses | 626 | | 13 | | (613) |
| Recoveries of bad debts previously written-off | 122 | | 70 | | (52) |
| Gains on sales of stocks of affiliated companies | 2,338 | | - | | (2,338) |
| **Extraordinary losses** | 15,845 | 1.5 | 15,401 | 1.4 | (444) |
| Losses on disposal and devaluation of fixed assets | 905 | | 3,424 | | 2,518 |
| Impairment loss | 525 | | 4 | | (521) |
| Provision for reserve for price fluctuations | 14,014 | | 11,972 | | (2,041) |
| Provision for 100th anniversary project | 48 | | - | | (48) |
| Headquarters removal costs | 351 | | - | | (351) |
| **Provision for reserve for policyholder dividends** | 40,068 | 3.8 | 31,237 | 2.7 | (8,830) |
| **Income before income taxes** | 68,429 | 6.4 | 63,169 | 5.6 | (5,260) |
| **Current income taxes** | 34,907 | 3.2 | 40,329 | 3.6 | 5,421 |
| **Deferred income taxes** | (9,635) | (0.9) | (7,617) | (0.7) | 2,018 |
| **Net income** | 43,157 | 4.1 | 30,456 | 2.7 | (12,700) |

# Supplementary Materials for the Fiscal Year Ended March 31, 2008

Percentages are rounded to the nearest relevant percentage point.
Therefore, the sums of each percentage do not always amount to 100%.

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## 1. Business Highlights

### (1) Total Policy Amount in Force

(Number, 100 Millions of yen, %)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | | Amount | | Number | | Amount | |
| | | Change (%) | | Change (%) | | Change (%) | | Change (%) |
| Individual insurance | 1,968,403 | 98.5 | 384,804 | 99.3 | 1,921,637 | 97.6 | 386,485 | 100.4 |
| Individual annuities | 155,074 | 103.2 | 12,516 | 101.2 | 157,832 | 101.8 | 12,485 | 99.8 |
| Subtotal | 2,123,477 | 98.8 | 397,320 | 99.3 | 2,079,469 | 97.9 | 398,971 | 100.4 |
| Group insurance | - | - | 118,092 | 98.2 | - | - | 121,213 | 102.6 |
| Group annuities | - | - | 19,548 | 96.4 | - | - | 18,112 | 92.7 |

*Notes:*

*1. Policy amounts for individual annuities are equal to the fund to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced and the amount of policy reserve for an annuity for which payments have commenced.*

*2. The policy amount in force for group annuities is equal to the amount of outstanding policy reserve.*

### (2) New Policy Amount

(Number, 100 Millions of yen, %)

| Category | Year Ended March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Number | | Amount | | | |
| | | Change (%) | | Change (%) | New policies | Increase from conversion |
| Individual insurance | 222,721 | 95.1 | 42,375 | 101.1 | 42,457 | (82) |
| Individual annuities | 11,419 | 99.5 | 903 | 90.4 | 901 | 1 |
| Subtotal | 234,140 | 95.4 | 43,278 | 100.8 | 43,359 | (81) |
| Group insurance | - | - | 1,070 | 197.0 | 1,070 | |
| Group annuities | - | - | 1 | 444.5 | 1 | |

(Number, 100 Millions of yen, %)

| Category | Year Ended March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Number | | Amount | | | |
| | | Change (%) | | Change (%) | New policies | Increase from conversion |
| Individual insurance | 201,570 | 90.5 | 45,625 | 107.7 | 45,628 | (3) |
| Individual annuities | 9,718 | 85.1 | 717 | 79.4 | 718 | 0 |
| Subtotal | 211,288 | 90.2 | 46,342 | 107.1 | 46,346 | (4) |
| Group insurance | - | - | 5,942 | 555.0 | 5,942 | |
| Group annuities | - | - | 0 | 53.3 | 0 | |

*Notes:*

*1. The number of new policies includes increase from conversion.*

*2. The new policy amount including increase from conversion for individual annuities is funds to be held at the time annuity payments are to commence for an annuity.*

*3. The new policy amount for group annuity is equal to the initial premium payment.*

## (3) Annualized Premiums

**1) Policies in force** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Change (%) | Amount | Change (%) |
| Individual insurance | 645,359 | 101.0 | 641,734 | 99.4 |
| Individual annuities | 46,913 | 102.8 | 47,451 | 101.1 |
| Total | 692,273 | 101.1 | 689,186 | 99.6 |
| 3rd Sector | 58,574 | 96.6 | 57,001 | 97.3 |

**2) New policies** (Millions of yen, %)

| Category | As of March 31, 2007 | | Year Ended March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Change (%) | Amount | Change (%) |
| Individual insurance | 79,773 | 100.8 | 69,077 | 86.6 |
| Individual annuities | 3,688 | 98.2 | 2,914 | 79.0 |
| Total | 83,462 | 100.7 | 71,992 | 86.3 |
| 3rd Sector | 3,892 | 99.4 | 3,992 | 102.6 |

*Notes:*

*1.New policies include net increase from conversions.*

*2. The Japanese insurance market is legally divided into three major fields: the First Sector, which involves conventional life insurance; the Second Sector, which involves P&C insurance;and the Third Sector, which involves insurance positioned between the two, including medical insurance, cancer insurance, accident insurance, and nursing care insurance.*

*3. The amounts are calculated by multiplying monthly premiums by 12, and dividing lump-sum payments by the insurance period.*

## (4) Term Life Insurance Policy Amount by Dividend Type (100 Millions of yen, %)

| Category | As of March 31, 2007 | | | | Year Ended March 31, 2007 | | | |
|---|---|---|---|---|---|---|---|---|
| | Policies in force | | | | New policies | | | |
| | Number | % | Amount | % | Number | % | Amount | % |
| Participating | 688,263 | 47.2 | 181,793 | 50.7 | 30,571 | 16.9 | 6,817 | 16.4 |
| Semi-participating | 289,073 | 19.8 | 76,920 | 21.5 | 7,666 | 4.2 | 1,891 | 4.6 |
| Non-participating | 481,462 | 33.0 | 99,466 | 27.8 | 143,244 | 78.9 | 32,793 | 79.0 |
| Total | 1,458,798 | 100.0 | 358,181 | 100.0 | 181,481 | 100.0 | 41,502 | 100.0 |

(100 Millions of yen, %)

| Category | As of March 31, 2008 | | | | Year Ended March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Policies in force | | | | New policies | | | |
| | Number | % | Amount | % | Number | % | Amount | % |
| Participating | 610,507 | 42.2 | 160,365 | 44.3 | 2,991 | 1.9 | 1,365 | 3.1 |
| Semi-participating | 261,136 | 18.1 | 69,414 | 19.2 | 1,609 | 1.0 | 148 | 0.3 |
| Non-participating | 573,996 | 39.7 | 131,974 | 36.5 | 156,541 | 97.1 | 43,387 | 96.6 |
| Total | 1,445,639 | 100.0 | 361,753 | 100.0 | 161,141 | 100.0 | 44,901 | 100.0 |

*Notes:*

*1. Semi-participating policies only pay dividends related to investment every five years.*

*2. New policy amount do not include net increase from conversion.*

## (5) Average Amount of New Policies and Amount in Force (Individual Insurance) (Thousands of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Average amount of new policies | 19,277 | 23,747 |
| Average amount in force | 19,549 | 20,112 |

*Note: The average amounts of new policies do not include net increase from conversion.*

### (6) New Policy Rate (New policy amount / Policy amount in force at the beginning of the fiscal year) (%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 11.0 | 11.9 |
| Individual annuities | 7.7 | 6.1 |
| Subtotal | 10.9 | 11.7 |
| Group insurance | 0.9 | 5.0 |

*Notes:*

*1. New policy amount does not include increase from conversion.*

*2. Policy amount in force for individual annuities are the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced.*

### (7) Surrender and Lapse Rate (Surrender and lapse amount / Policy amount in force at the beginning of the fiscal year) (%)

| Category | Year Eended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 10.25 | 10.12 |
| Individual annuities | 4.90 | 5.01 |
| Subtotal | 10.09 | 9.97 |
| Group insurance | 3.13 | 2.66 |

*Note: Surrender and lapse rate represents adjusted rate including increase and decrease of policy amount and reinstatement.*

### (Reference) Surrender and lapse rate without adjustments (%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance and annuities | 9.04 | 8.93 |

### (8) Surrender and Lapse Amount (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 3,561,197 | 3,493,820 |
| Individual annuities | 54,677 | 56,206 |
| Subtotal | 3,615,874 | 3,550,027 |
| Group insurance | 459,282 | 10,029 |

### (9) Average Premium Amount of Individual Insurance New Policies (Monthly Premium) (yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Average premium amount | 251,368 | 271,812 |

*Notes:*

*1. Figures above do not include increase from conversion.*

*2. Figures above are annualized.*

### (10) Average Assumed Investment Yield and Negative Spread (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Amount of negative spread | - | - |
| Investment yield on core profit | 2.69% | 2.90% |
| Average assumed investment yield | 2.52% | 2.46% |
| Individual insurance and annuities | 3.25% | 3.11% |
| Policy reserve in general account | 5,020,121 | 4,984,477 |

*Notes:*

*1. Negative spread is calculated by the following method:*

*Investment yield on core profit - average assumed investment yield) x policy reserves in general accounts*

*1) Spread turned to positive (8,390 million yen) for the fiscal year ended March 31, 2007.*

*2) Spread turned to positive (21,758 million yen) for the fiscal year ended March 31, 2008.*

*2. While investment yield on core profit and average assumed investment yield in the table are annualized as in the notes 3 and 4 hereunder.*

*3. "Investment yield on core profit" is calculated by dividing numerator as investment revenues and expenses (investment profit in general account) included in core profit less amount of provision for accumulated interest due to policyholders by denominator as policy reserve in general account.*

*4. Average assumed investment yield is calculated by dividing numerator as assumed interest (general accounts only) by denominator as policy reserve in general accounts.*

*5. Policy reserve in general accounts represents the earned policy reserve calculated for policy reserve in general accounts less contingency reserve by Hardy method as follows:*

*Hardy method: (Policy reserve at beginning of fiscal year + Policy reserve at end of fiscal year - Assumed interest) x 1/2*

### (11) Mortality Rate for Individual Insurance (‰)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Rate based on number of policies | 3.78 | 4.01 |
| Rate based on policy amount | 3.83 | 3.85 |

## (12) Reserve for Outstanding Claims

(Millions of yen)

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Insurance claims | Death benefits | 27,963 | 26,165 |
| | Accidental death benefits | 817 | 729 |
| | Disability benefits | 5,940 | 11,177 |
| | Maturity benefits | 1,707 | 1,025 |
| | Others | 47 | 64 |
| | Subtotal | 36,476 | 39,162 |
| Annuity payments | | 140 | 128 |
| Insurance benefits | | 5,193 | 5,222 |
| Surrender payments | | 4,131 | 3,609 |
| Total | | 46,385 | 48,481 |

## (13) Policy Reserve

(Millions of yen)

| Category | | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|---|
| Policy reserve (excluding contingency reserve) | Individual insurance | | 2,777,553 | 2,822,633 |
| | | General Accounts | 2,750,842 | 2,800,802 |
| | | Separate Accounts | 26,711 | 21,830 |
| | Individual annuities | | 469,025 | 485,076 |
| | | General Accounts | 465,208 | 479,505 |
| | | Separate Accounts | 3,816 | 5,570 |
| | Group insurance | | 10,697 | 10,401 |
| | | General Accounts | 10,697 | 10,401 |
| | | Separate Accounts | - | - |
| | Group annuity | | 1,954,479 | 1,810,883 |
| | | General Accounts | 1,842,619 | 1,721,735 |
| | | Separate Accounts | 111,859 | 89,148 |
| | Others | | 5,084 | 4,870 |
| | | General Accounts | 5,084 | 4,870 |
| | | Separate Accounts | - | - |
| | Subtotal | | 5,216,840 | 5,133,865 |
| | | General Accounts | 5,074,452 | 5,017,316 |
| | | Separate Accounts | 142,388 | 116,549 |
| Contingency reserve | Contingency reserve I | | 45,074 | 41,318 |
| | Contingency reserve II | | 34,912 | 36,944 |
| | Contingency reserve III | | 395 | 453 |
| | Contingency reserve IV | | - | 3,925 |
| | Subtotal | | 80,382 | 82,642 |
| Total | | | 5,297,223 | 5,216,507 |
| | General Accounts | | 5,154,834 | 5,099,958 |
| | Separate Accounts | | 142,388 | 116,549 |

## (14) Policy Reserve Calculating Methods and Ratios

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Calculating Methods | Policies subject to standard policy reserve method | Standard policy reserve method | Standard policy reserve method |
| | Policies not subject to standard policy reserve method | Net level premium reserve method | Net level premium reserve method |
| Ratio of "Amount of the company's policy reserve (excluding contingency reserve)" to "Policy reserve required by regulatory standards" | | 100% | 100% |

*Notes:*

*1. Calculating methods and ratios stated above cover individual insurance and annuity policies only. Group insurance and annuity policies have different calculating methods.*

*2. The ratio for policies to which the standard policy reserve method is applied is indicated in the method laid down in Notice No. 48 from the Ministry of Finance. The ratio for policies to which the standard policy reserve method is not applied is indicated for accumulated reserve for claims and unearned premiums calculated with the net level premium reserve method.*

## (15) Policy Reserve by Contract Year

(Millions of yen, %)

| Contract Year | | As of March 31, 2007 | | |
|---|---|---|---|---|
| | | Policy Reserve Amount | Assumed Investment Yield (%) | Average Assumed Investment Yield (%) |
| General Accounts | | | | |
| | -FY1980 | 20,519 | 4.00-5.00 | 4.36 |
| | FY1981-FY1985 | 42,912 | 5.00-5.50 | 5.06 |
| | FY1986-FY1990 | 499,950 | 5.50-6.00 | 5.52 |
| | FY1991-FY1995 | 832,771 | 3.75-5.50 | 4.76 |
| | FY1996-FY2000 | 782,455 | 1.75-2.75 | 2.44 |
| | FY2001 | 190,660 | 1.50 | 1.52 |
| | FY2002 | 247,370 | 1.50 | 1.48 |
| | FY2003 | 182,609 | 1.00-1.50 | 1.40 |
| | FY2004 | 191,872 | 1.00-1.50 | 1.38 |
| | FY2005 | 142,343 | 1.00-1.50 | 1.40 |
| | FY2006 | 82,585 | 1.00-1.50 | 1.36 |
| | Subtotal | 3,216,050 | - | 3.25 |
| Separate Accounts | | 30,528 | | |
| Total | | 3,246,579 | | |

(Millions of yen, %)

| Contract Year | | As of March 31, 2008 | | |
|---|---|---|---|---|
| | | Policy Reserve Amount | Assumed Investment Yield (%) | Average Assumed Investment Yield (%) |
| General Accounts | | | | |
| | -FY1980 | 18,645 | 4.00-5.00 | 4.35 |
| | FY1981-FY1985 | 41,267 | 5.00-5.50 | 5.07 |
| | FY1986-FY1990 | 463,301 | 5.50 | 5.51 |
| | FY1991-FY1995 | 794,880 | 3.75-5.50 | 4.76 |
| | FY1996-FY2000 | 738,496 | 2.00-3.75 | 2.43 |
| | FY2001 | 179,302 | 1.50 | 1.52 |
| | FY2002 | 238,261 | 1.50 | 1.48 |
| | FY2003 | 193,772 | 1.00-1.50 | 1.41 |
| | FY2004 | 221,354 | 1.00-1.50 | 1.40 |
| | FY2005 | 185,126 | 1.00-1.50 | 1.43 |
| | FY2006 | 133,619 | 1.00-1.50 | 1.42 |
| | FY2007 | 72,279 | 1.00-1.50 | 1.37 |
| | Subtotal | 3,280,308 | - | 3.11 |
| Separate Accounts | | 27,400 | | |
| Total | | 3,307,709 | | |

*Notes:*

*1. Policy reserve amount stated above represents that of individual insurance and annuities excluding contingency reserve.*

*2. Assumed investment yields stated above represent the main yield used in calculating policy reserve for each contract year.*

## (16) Other Reserves

(Millions of yen)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Increase (decrease) | Amount | Increase (decrease) |
| Reserve for Possible Loan Losses | General reserve | 183 | (4) | 175 | (8) |
| | Specific reserve | 859 | (639) | 854 | (5) |
| | Specific reserves for loans to refinancing countries | - | - | - | - |
| Reserve for bonus to directors and corporate auditers | | 63 | 63 | 74 | 10 |
| Reserve for employees' retirement benefits | | 74,722 | 7,405 | 75,555 | 832 |
| Reserve for directors' and corporate auditors' retirement benefits | | 1,747 | (13) | 1,921 | 174 |
| Reserve for price fluctuations | | 61,585 | 14,014 | 73,558 | 11,972 |

## (17) Insurance Premium

### 1) Payment Method

(Millions of yen)

| Category | | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Individual insurance | | 637,232 | 633,937 |
| | Single premiums | 20,701 | 17,886 |
| | Annual payment | 182,611 | 186,253 |
| | Semi-annual payment | 1,033 | 921 |
| | Monthly payment | 432,886 | 428,875 |
| Individual annuities | | 36,659 | 35,560 |
| | Single premiums | 3,417 | 1,788 |
| | Annual payment | 5,812 | 5,986 |
| | Semi-annual payment | 138 | 126 |
| | Monthly payment | 27,290 | 27,658 |
| Group insurance | | 44,827 | 41,966 |
| Group annuities | | 143,806 | 128,792 |
| Total including others | | 864,247 | 842,168 |

### 2) Year

(Millions of yen)

| Category | | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Individual insurance and annuities | First year | 101,833 | 88,945 |
| | Second and subsequent year | 572,058 | 580,552 |
| | Subtotal | 673,891 | 669,498 |
| Group insurance | First year | 261 | 771 |
| | Second and subsequent year | 44,566 | 41,195 |
| | Subtotal | 44,827 | 41,966 |
| Group annuities | First year | 232 | 298 |
| | Second and subsequent year | 143,573 | 128,494 |
| | Subtotal | 143,806 | 128,792 |
| Total including others | First year | 102,368 | 90,045 |
| | Second and subsequent year | 761,879 | 752,122 |
| | Total | 864,247 | 842,168 |
| | [% change] | [(0.7)] | [(2.6)] |

## (18) Insurance Claims

(Millions of yen)

| Category | Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 158,542 | 134,127 | 135 | 22,462 | - | - | 131 | 156,856 |
| Accidental death benefits | 1,595 | 1,417 | - | 227 | - | - | 24 | 1,668 |
| Disability benefits | 10,960 | 16,077 | - | 1,573 | - | - | - | 17,651 |
| Maturity benefits | 96,130 | 70,551 | 0 | - | 24,236 | 51 | - | 94,840 |
| Others | 954 | - | - | - | 1,350 | - | 75 | 1,425 |
| Total | 268,182 | 222,173 | 136 | 24,263 | 25,586 | 51 | 231 | 272,443 |

## (19) Annuity Payments

(Millions of yen)

| Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 27,978 | 107 | 13,030 | 123 | 16,713 | 132 | - | 30,106 |

## (20) Insurance Benefits

(Millions of yen)

| Category | Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 1,391 | 108 | 1,373 | 4 | - | - | - | 1,486 |
| Hospitalization benefits | 11,024 | 10,669 | 39 | 260 | - | - | 65 | 11,035 |
| Operation benefits | 6,300 | 6,709 | 31 | - | - | - | - | 6,741 |
| Injury benefits | 344 | 320 | 0 | 120 | - | - | - | 440 |
| Survival benefits | 2,229 | 2,199 | - | - | - | 74 | - | 2,274 |
| Others | 153,391 | 185 | 1,531 | 38 | 154,673 | 2 | 16 | 156,446 |
| Total | 174,681 | 20,192 | 2,976 | 423 | 154,673 | 77 | 81 | 178,426 |

## (21) Surrender Payments

(Millions of yen)

| Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 248,907 | 219,390 | 17,364 | - | 16,740 | 329 | - | 253,823 |

## (22) Operating Expenses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Sales Activity Related Expenses | 31,252 | 31,256 |
| In-house sales representative expenses | 18,293 | 17,756 |
| Sales agent expenses | 12,301 | 12,898 |
| Selection expenses | 656 | 602 |
| Sales Administrative Expenses | 20,338 | 20,084 |
| Administrative / operational expenses | 19,022 | 18,843 |
| Advertising expenses | 1,316 | 1,241 |
| General Administrative Expenses | 60,224 | 62,829 |
| Personnel expenses | 19,034 | 19,451 |
| Expenses for premium collection, computer systems, equipments, offices and others | 38,551 | 41,230 |
| [Donation / contribution and others] | [47] | [68] |
| Contribution to the Policyholder Protection Fund | 893 | 440 |
| Contribution to the Policyholder Protection Corporation | 1,744 | 1,705 |
| Total | 111,815 | 114,170 |

*Notes:*

*1. "Selection expenses" represent mainly expense for medical examinations at the time of contract.*

*2. The contributions are burden charges paid to former Life Insurance Policyholders' Protection Fund taken over by the current Life Insurance Policyholders' Protection Corporation in accordance with the provision of Clause 5, Article 140 of bylaws to the Law Concerning Establishment of Laws Related to the Financial System Reformation.*

*3. The burden charges are paid to the Life Insurance Policyholders' Protection Corporation in accordance with the provision of Article 259 of the Insurance Business Law.*

## (23) Operating Expense Ratio (Against Insurance Premiums)

| Item | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Operating expense ratio | 12.9% | 13.6% |

## 2. Status of General Account Assets

### (1) Investment Performance

As of March 31, 2008, general account assets amounted to ¥5,916.1 billion (¥6,237.8 billion), down ¥321.6 billion from the end of the previous fiscal year (hereinafter, figures in parentheses represent levels at the end of the previous fiscal year).

For the fiscal year ended March 31, 2008, the Company decreased the amount of foreign bonds, while increasing alternative investments (included in foreign stocks) and short-term government bonds (included in domestic bonds). In addition, the Company purchased additional investment trusts (included in other securities) when stock prices went down.

As of March 31, 2008, the percentages of the Company's general account assets in principal categories were as follows: domestic bonds, 39.5% (35.3%); domestic stocks, 5.8% (7.9%); foreign securities: 10.5% (10.6%); other securities, 12.4% (14.4%); and loans, 15.1% (15.0%).

Regarding principal items within investment income and expenses, interest, dividends, and income from real estate for rent amounted to ¥144.7 billion (¥129.4 billion). Gains from derivatives, net totaled to ¥29.3 billion (¥ 20.3 billion of losses from derivatives, net). Gains on sales of securities totaled ¥ 14.9 billion (¥18.7 billion), and net gains from monetary trust amounted to ¥13.9 billion (¥8.0 billion), while losses on investment in trading securities, net totaled to ¥25.1 billion (¥17.8 billion of gains on investment in trading securities, net). Devaluation losses on securities totaled to ¥19.4billion (¥0.6 billion). Losses on sales of securities totaled ¥ 10.0 billion (¥5.7 billion), and net foreign exchange losses were ¥ 6.0 billon (¥5.6 billion).

## (2) Asset Composition

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 438,784 | 7.0 | 294,085 | 5.0 |
| Securities repurchased under resale agreements | - | - | - | - |
| Pledged money for bond borrowing transaction | - | - | - | - |
| Monetary claims purchased | 295,305 | 4.7 | 270,089 | 4.6 |
| Securities under proprietary accounts | - | - | - | - |
| Monetary trusts | 100,846 | 1.6 | 104,603 | 1.8 |
| Securities | 4,255,395 | 68.2 | 4,033,285 | 68.2 |
| Domestic bonds | 2,199,963 | 35.3 | 2,339,611 | 39.5 |
| Domestic stocks | 493,472 | 7.9 | 340,609 | 5.8 |
| Foreign securities | 663,864 | 10.6 | 621,314 | 10.5 |
| Foreign bonds | 271,044 | 4.3 | 205,094 | 3.5 |
| Foreign stocks, etc. | 392,820 | 6.3 | 416,219 | 7.0 |
| Other securities | 898,094 | 14.4 | 731,750 | 12.4 |
| Loans | 932,974 | 15.0 | 890,392 | 15.1 |
| Policy loans | 79,685 | 1.3 | 83,103 | 1.4 |
| Commercial loans | 853,289 | 13.7 | 807,289 | 13.6 |
| Property and equipment | 145,456 | 2.3 | 139,073 | 2.4 |
| Deferred tax asset | - | - | 44,178 | 0.7 |
| Other assets | 70,150 | 1.1 | 141,519 | 2.4 |
| Reserve for possible loan losses | (1,043) | (0.0) | (1,029) | (0.0) |
| Total assets | 6,237,870 | 100.0 | 5,916,199 | 100.0 |
| Foreign currency denominated assets | 489,391 | 7.8 | 391,091 | 6.6 |

## (3) Changes in the Amount of Assets by Categories

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 56,221 | (144,698) |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 139,086 | (25,215) |
| Securities under proprietary accounts | - | - |
| Monetary trusts | (141,827) | 3,756 |
| Securities | (34,288) | (222,110) |
| Domestic bonds | (36,287) | 139,647 |
| Domestic stocks | (60,425) | (152,863) |
| Foreign securities | 31,329 | (42,550) |
| Foreign bonds | (757) | (65,949) |
| Foreign stocks, etc. | 32,086 | 23,399 |
| Other securities | 31,095 | (166,343) |
| Loans | (53,277) | (42,582) |
| Policy loans | (1,592) | 3,417 |
| Commercial loans | (51,685) | (45,999) |
| Property and equipment | 3,606 | (6,383) |
| Deferred tax asset | - | 44,178 |
| Other assets | 12,237 | 71,369 |
| Reserve for possible loan losses | 644 | 13 |
| Total assets | (17,596) | (321,670) |
| Foreign currency denominated assets | 92,535 | (98,299) |

### (4) Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 129,458 | 144,744 |
| Interest income from deposits | 6,968 | 6,529 |
| Interest income and dividends from securities | 93,983 | 106,641 |
| Interest income from loans | 18,954 | 18,735 |
| Income from real estate for rent | 6,396 | 7,678 |
| Other income from interest and dividends | 3,156 | 5,159 |
| Gain on securities under proprietary accounts | - | - |
| Gains from monetary trusts, net | 8,092 | 13,955 |
| Gains on investments in trading securities, net | 17,824 | - |
| Gains on sale of securities | 18,756 | 14,913 |
| Gains on sale of domestic bonds | 3 | 13 |
| Gains on sale of domestic stocks | 11,302 | 11,205 |
| Gains on sale of foreign securities | 7,049 | 3,694 |
| Other | 401 | - |
| Gains on redemption of securities | - | - |
| Gains from derivatives, net | - | 29,377 |
| Foreign exchange gains, net | - | - |
| Other investment income | 2,685 | 2,783 |
| Total | 176,819 | 205,775 |

### (5) Investment Expenses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interest expense | 165 | 265 |
| Losses on securities under proprietary accounts | - | - |
| Losses from monetary trusts, net | - | - |
| Losses on investments in trading securities, net | - | 25,192 |
| Losses on sale of securities | 5,744 | 10,086 |
| Losses on sale of domestic bonds | 5,219 | 81 |
| Losses on sale of domestic stocks | 222 | 5,888 |
| Losses on sale of foreign securities | 302 | 4,117 |
| Other | - | - |
| Devaluation losses on securities | 610 | 19,429 |
| Devaluation losses on domestic bonds | - | - |
| Devaluation losses on domestic stocks | 407 | 18,174 |
| Devaluation losses on foreign securities | - | 976 |
| Other | 203 | 278 |
| Losses on redemption of securities | - | - |
| Losses from derivatives, net | 20,324 | - |
| Foreign exchange losses, net | 5,696 | 6,083 |
| Provision for reserve for possible loan losses | - | - |
| Provision of specific reserve | - | - |
| Provision of general reserve | - | - |
| Write-off of loans | - | 121 |
| Depreciation of real estate for rent | 2,716 | 3,343 |
| Other investment expenses | 8,884 | 13,844 |
| Total | 44,143 | 78,366 |

### (6) Net Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Net investment income | 132,675 | 127,408 |

**[Reference] Breakdown of gains / losses from derivatives, net** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interest-rate-related gains / losses | (4) | (992) |
| Currency-related gains / losses | (23,214) | 27,639 |
| Stock-related gains / losses | 3,692 | 2,460 |
| Bond-related gains / losses | (798) | 270 |
| Other gains / losses | - | - |
| Total | (20,324) | 29,377 |

## (7) Investment Yield and Average Daily Balance by Asset Categories

**1) Investment income by asset categories** (%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 0.27 | 0.58 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 1.02 | 1.73 |
| Securities under proprietary accounts | - | - |
| Monetary trusts | 6.10 | 16.18 |
| Securities | 2.67 | 2.23 |
| Domestic bonds | 1.47 | 1.55 |
| Domestic stocks | 6.24 | 0.58 |
| Foreign securities | 4.23 | 4.88 |
| Other securities | 3.64 | 2.91 |
| Loans | 1.97 | 2.06 |
| Commercial loans | 1.73 | 1.82 |
| Property and equipment | 1.52 | 1.91 |
| Total general accounts | 2.31 | 2.21 |
| Other than stocks | 2.13 | 2.29 |
| Foreign investments | 3.48 | 4.05 |

**2) Average daily balance** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 338,182 | 286,772 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | 267,014 | 261,775 |
| Securities under proprietary accounts | - | - |
| Monetary trusts | 132,755 | 79,105 |
| Securities | 3,744,263 | 3,928,563 |
| Domestic bonds | 2,165,903 | 2,421,965 |
| Domestic stocks | 263,171 | 244,693 |
| Foreign securities | 660,250 | 601,137 |
| Other securities | 654,938 | 660,766 |
| Loans | 963,069 | 906,217 |
| Commercial loans | 883,141 | 825,678 |
| Property and equipment | 142,787 | 142,102 |
| Total general accounts | 5,733,460 | 5,755,675 |
| Other than stocks | 5,470,289 | 5,510,982 |
| Foreign investments | 831,448 | 755,680 |

*Notes:*

*1. For the calculation of investment yield ; (investment income - investment expense) divided by the average daily balance on a book value basis.*

*2. Foreign investments represent the total of foreign currency denominated assets and yen denominated assets.*

*3. Above figures on derivative transactions are included in each appropriate asset category.*

**(8) Securities**

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Government bonds | 305,086 | 7.2 | 496,539 | 12.3 |
| Municipal bonds | 857,548 | 20.2 | 769,675 | 19.1 |
| Corporate bonds | 1,037,329 | 24.4 | 1,073,396 | 26.6 |
| Public corporation bonds | 518,295 | 12.2 | 579,648 | 14.4 |
| Domestic stocks | 493,472 | 11.6 | 340,609 | 8.4 |
| Foreign securities | 663,864 | 15.6 | 621,314 | 15.4 |
| Foreign bonds | 271,044 | 6.4 | 205,094 | 5.1 |
| Foreign stocks, etc. | 392,820 | 9.2 | 416,219 | 10.3 |
| Other securities | 898,094 | 21.1 | 731,750 | 18.1 |
| Total | 4,255,395 | 100.0 | 4,033,285 | 100.0 |
| Subordinated debentures | 45,215 | 1.1 | 70,000 | 1.7 |

***Securities by holding purposes categories***

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Trading | Held-to-maturity | Available-for-sale | Stocks of subsidiaries and affiliates | Total |
| Government bonds | - | - | 305,086 | - | 305,086 |
| Municipal bonds | - | - | 857,548 | - | 857,548 |
| Corporate bonds | - | 5,223 | 1,032,106 | - | 1,037,329 |
| Public corporation bonds | - | - | 518,295 | - | 518,295 |
| Domestic stocks | - | - | 492,080 | 1,392 | 493,472 |
| Foreign securities | 187,242 | - | 476,622 | - | 663,864 |
| Foreign bonds | - | - | 271,044 | - | 271,044 |
| Foreign stocks, etc. | 187,242 | - | 205,578 | - | 392,820 |
| Other securities | - | - | 898,094 | - | 898,094 |
| Total | 187,242 | 5,223 | 4,061,537 | 1,392 | 4,255,395 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Trading | Held-to-maturity | Available-for-sale | Stocks of subsidiaries and affiliates | Total |
| Government bonds | - | - | 496,539 | - | 496,539 |
| Municipal bonds | - | - | 769,675 | - | 769,675 |
| Corporate bonds | - | 5,217 | 1,068,178 | - | 1,073,396 |
| Public corporation bonds | - | - | 579,648 | - | 579,648 |
| Domestic stocks | - | - | 339,216 | 1,392 | 340,609 |
| Foreign securities | 159,782 | - | 461,531 | - | 621,314 |
| Foreign bonds | - | - | 205,094 | - | 205,094 |
| Foreign stocks and other securities | 159,782 | - | 256,437 | - | 416,219 |
| Other securities | - | - | 731,750 | - | 731,750 |
| Total | 159,782 | 5,217 | 3,866,893 | 1,392 | 4,033,285 |

## (9) Securities by Contractual Maturity Dates

(Millions of yen)

| Category | As of March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 219,493 | 5,409 | 32,114 | 2,557 | 10,412 | 35,099 | 305,086 |
| Municipal bonds | 133,922 | 338,794 | 205,988 | 83,194 | 87,977 | 7,669 | 857,548 |
| Corporate bonds | 112,570 | 294,983 | 273,880 | 59,036 | 38,563 | 258,294 | 1,037,329 |
| Domestic stocks | - | - | - | 2,000 | - | 491,472 | 493,472 |
| Foreign securities | 12,701 | 118,345 | 49,813 | 49,986 | 90,523 | 342,494 | 663,864 |
| Foreign bonds | 12,545 | 112,438 | 32,906 | 29,432 | 34,724 | 48,997 | 271,044 |
| Foreign stocks, etc. | 156 | 5,907 | 16,906 | 20,553 | 55,799 | 293,497 | 392,820 |
| Other securities | 207 | 2,804 | 12,355 | 3,135 | 9,381 | 870,208 | 898,094 |
| Total | 478,896 | 760,336 | 574,151 | 199,910 | 236,859 | 2,005,240 | 4,255,395 |

*Note: Includes securities with maturity dates unfixed.*

(Millions of yen)

| Category | As of March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 416,282 | 13,600 | 20,027 | - | 10,871 | 35,758 | 496,539 |
| Municipal bonds | 176,639 | 297,244 | 123,366 | 109,164 | 48,046 | 15,214 | 769,675 |
| Corporate bonds | 135,513 | 343,476 | 118,767 | 45,394 | 125,981 | 304,260 | 1,073,396 |
| Domestic stocks | - | - | - | 2,000 | - | 338,609 | 340,609 |
| Foreign securities | 26,403 | 66,768 | 33,409 | 65,531 | 118,848 | 310,352 | 621,314 |
| Foreign bonds | 26,403 | 56,618 | 18,098 | 30,742 | 37,564 | 35,667 | 205,094 |
| Foreign stocks, etc. | - | 10,150 | 15,311 | 34,789 | 81,284 | 274,684 | 416,219 |
| Other securities | - | 2,707 | 13,585 | 6,944 | 7,341 | 701,170 | 731,750 |
| Total | 754,839 | 723,797 | 309,156 | 229,035 | 311,090 | 1,705,365 | 4,033,285 |

*Note: Includes securities with maturity dates unfixed.*

## (10) Stock Holdings by Industry

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Percentage | Amount | Percentage |
| Fisheries, agriculture and forestry | | 804 | 0.2 | 792 | 0.2 |
| Mining | | - | - | - | - |
| Construction | | 19,610 | 4.0 | 10,766 | 3.2 |
| Manufacturing industries | | | | | |
| | Food products | 10,496 | 2.1 | 9,235 | 2.7 |
| | Textiles and clothing | 11,877 | 2.4 | 7,620 | 2.2 |
| | Pulp and paper | 1,151 | 0.2 | 851 | 0.3 |
| | Chemicals | 14,885 | 3.0 | 10,072 | 3.0 |
| | Medicals | 37,819 | 7.7 | 28,518 | 8.4 |
| | Oil and coal products | - | - | - | - |
| | Rubber products | 9,567 | 1.9 | 6,421 | 1.9 |
| | Glass and stone products | 2,132 | 0.4 | 860 | 0.3 |
| | Steel | 2,290 | 0.5 | 1,352 | 0.4 |
| | Non-steel metals | - | - | - | - |
| | Metal products | 478 | 0.1 | 316 | 0.1 |
| | Machinery | 30,826 | 6.2 | 23,753 | 7.0 |
| | Electric appliances | 31,604 | 6.4 | 24,692 | 7.2 |
| | Transportation vehicles | 315 | 0.1 | 227 | 0.1 |
| | Precision machinery | 10,300 | 2.1 | 7,724 | 2.3 |
| | Others | 2,626 | 0.5 | 1,938 | 0.6 |
| Electric and gas utilities | | 47,434 | 9.6 | 32,092 | 9.4 |
| Transportation/ information telecommunications | | | | | |
| | Ground transportation | 11,673 | 2.4 | 8,753 | 2.6 |
| | Water transportation | 8 | 0.0 | 8 | 0.0 |
| | Air transportation | - | - | - | - |
| | Warehouses/ transportation | 219 | 0.0 | 164 | 0.0 |
| | Information/ telecommunications | 13,956 | 2.8 | 11,829 | 3.5 |
| Commerce | | | | | |
| | Wholesalers | 8,892 | 1.8 | 6,050 | 1.8 |
| | Retailers | 6,970 | 1.4 | 1,900 | 0.6 |
| Financial services / insurance | | | | | |
| | Banking | 154,586 | 31.3 | 106,155 | 31.2 |
| | Securities and commodity futures trading | 33,523 | 6.8 | 10,346 | 3.0 |
| | Insurance | 4,310 | 0.9 | 3,214 | 0.9 |
| | Other financial services | 16,579 | 3.4 | 15,480 | 4.5 |
| Real estate | | 4,581 | 0.9 | 5,723 | 1.7 |
| Service companies | | 3,948 | 0.8 | 3,746 | 1.1 |
| Total | | 493,472 | 100.0 | 340,609 | 100.0 |

*Note: Categories of stock holdings by industry are based on the classification by Securities Identification Code Committee.*

## (11) Loans

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Policy loans | 79,685 | 83,103 |
| Policyholder loans | 78,448 | 81,958 |
| Premium loans | 1,236 | 1,145 |
| Commercial loans | 853,289 | 807,289 |
| [Loans to non-residents] | [12,106] | [11,227] |
| Loans to corporations | 679,836 | 659,015 |
| [Loans to domestic corporations] | [671,183] | [651,061] |
| Loans to Japanese government, government-related organizations and international organizations | 9,533 | 7,940 |
| Loans to Japanese local governments and public entities | 10,193 | 9,666 |
| Mortgage loans | 14,352 | 12,953 |
| Consumer loans | 105,872 | 89,194 |
| Others | 33,501 | 28,519 |
| Total | 932,974 | 890,392 |

## (12) Loans by Contractual Maturity Dates

(Millions of yen)

| Category | As of March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Floating rate loans | 28,060 | 17,499 | 15,204 | 7,153 | 13,609 | 25,646 | 107,174 |
| Fixed rate loans | 131,121 | 181,699 | 222,629 | 139,339 | 57,806 | 13,517 | 746,114 |
| Total | 159,181 | 199,199 | 237,834 | 146,493 | 71,415 | 39,164 | 853,289 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Floating rate loans | 11,824 | 15,471 | 12,627 | 10,486 | 15,706 | 22,193 | 88,310 |
| Fixed rate loans | 111,278 | 196,796 | 246,720 | 52,193 | 91,665 | 20,323 | 718,978 |
| Total | 123,103 | 212,268 | 259,348 | 62,679 | 107,372 | 42,516 | 807,289 |

*Note: *"Due after Ten Years" includes loans with maturity dates unfixed.*

## (13) Loans to Domestic Companies by Company Size

(Numbers, Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | | Percentage | | Percentage |
| Large-sized corporations | Number of debtors | 128 | 58.2 | 115 | 59.6 |
| | Amount of loans | 576,013 | 85.8 | 548,116 | 84.2 |
| Medium-sized corporations | Number of debtors | - | - | - | - |
| | Amount of loans | - | - | - | - |
| Small- and medium- sized corporations | Number of debtors | 92 | 41.8 | 78 | 40.4 |
| | Amount of loans | 95,170 | 14.2 | 102,945 | 15.8 |
| Total | Number of debtors | 220 | 100.0 | 193 | 100.0 |
| | Amount of loans | 671,183 | 100.0 | 651,061 | 100.0 |

*Notes:*

*1. Corporations are grouped as follows:*

| Business type | (i) All except (ii)-(iv) | | (ii) Retail & restaurants | | (iii) Services | | (iv) Wholesalers | |
|---|---|---|---|---|---|---|---|---|
| Large-sized corporations | With employees more than 300, and | With a capital of 1 billion yen or more | With more than 50 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more |
| Medium-sized corporations | | With a capital of more than 300 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 100 million yen and less than 1 billion yen |
| Small- and medium-sized corporations | With a capital of 300 million yen or less, or regular employees of 300 or less | | With a capital of 50 million yen or less, or regular employees of 50 or less | | With a capital of 50 million yen or less, or regular employees of 100 or less | | With a capital of 100 million yen or less, or regular employees of 100 or less | |

*2. The number of debtors represents those who have an obligation, net of loans to the Company, not the number of loan transactions.*

## (14) Loans by Industry

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Domestic Loans | | | | |
| Manufacturing Industries | 80,499 | 9.4 | 75,980 | 9.4 |
| Food products | 1,100 | 0.1 | 1,000 | 0.1 |
| Textiles and clothing | 5,000 | 0.6 | 5,000 | 0.6 |
| Timber and wood products | 48 | 0.0 | - | - |
| Pulp and paper | - | - | - | - |
| Printing | - | - | - | - |
| Chemicals | 14,040 | 1.6 | 11,901 | 1.5 |
| Oil and coal | 1,260 | 0.1 | 260 | 0.0 |
| Ceramic and stone products | 700 | 0.1 | 700 | 0.1 |
| Steel | 19,812 | 2.3 | 15,937 | 2.0 |
| Non-steel metals | 1,400 | 0.2 | 1,000 | 0.1 |
| Metal products | 7 | 0.0 | 4 | 0.0 |
| Machinery | 3,942 | 0.5 | 5,842 | 0.7 |
| Electric appliances | 17,376 | 2.0 | 16,701 | 2.1 |
| Transportation vehicles | - | - | - | - |
| Precision machinery | 5,700 | 0.7 | 3,500 | 0.4 |
| Others | 10,112 | 1.2 | 14,133 | 1.8 |
| Agriculture | - | - | - | - |
| Forestry | - | - | - | - |
| Fisheries | - | - | - | - |
| Mining | - | - | - | - |
| Construction | 2,464 | 0.3 | 2,890 | 0.4 |
| Utilities | 72,113 | 8.5 | 61,985 | 7.7 |
| Information and telecommunications | 12,002 | 1.4 | 16,292 | 2.0 |
| Transportation | 42,850 | 5.0 | 40,581 | 5.0 |
| Wholesalers | 66,952 | 7.8 | 69,405 | 8.6 |
| Retailers | 6,903 | 0.8 | 3,878 | 0.5 |
| Financial services/ insurance | 257,990 | 30.2 | 231,395 | 28.7 |
| Real estate | 79,373 | 9.3 | 86,349 | 10.7 |
| Service companies | 59,465 | 7.0 | 68,365 | 8.5 |
| Local governments | 8,993 | 1.1 | 8,393 | 1.0 |
| Mortgage, consumer and others | 151,572 | 17.8 | 130,544 | 16.2 |
| Other | - | - | - | - |
| Total | 841,182 | 98.6 | 796,061 | 98.6 |
| Foreign Loans | | | | |
| Governments, etc. | 3,453 | 0.4 | 3,273 | 0.4 |
| Financial institutions | 1,652 | 0.2 | 2,954 | 0.4 |
| Commerce and industry companies | 7,000 | 0.8 | 5,000 | 0.6 |
| Other | - | - | - | - |
| Total | 12,106 | 1.4 | 11,227 | 1.4 |
| Total | 853,289 | 100.0 | 807,289 | 100.0 |

## (15) Foreign Investments

### 1) Investments by asset category

**a. Denominated in foreign currency (yen amount not fixed)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | 178,556 | 20.3 | 75,839 | 9.8 |
| Foreign stocks | 5,817 | 0.7 | 5,918 | 0.8 |
| Non yen-denominated cash, cash equivalents and other assets | 305,017 | 34.6 | 309,333 | 40.0 |
| Total | 489,391 | 55.6 | 391,091 | 50.6 |

**b. Denominated in foreign currency (yen amount fixed with forward currency exchange contracts)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | - | - | - | - |
| Non yen-denominated cash, cash equivalents and other assets | 167,820 | 19.1 | 89,801 | 11.6 |
| Total | 167,820 | 19.1 | 89,801 | 11.6 |

**c. Denominated in yen** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Loans to borrowers located outside of Japan | 12,106 | 1.4 | 11,227 | 1.5 |
| Foreign bonds | 92,488 | 10.5 | 129,255 | 16.7 |
| Foreign stocks | 86,765 | 9.9 | 103,516 | 13.4 |
| Other | 31,739 | 3.6 | 47,856 | 6.2 |
| Total | 223,099 | 25.3 | 291,856 | 37.8 |

**d. Total** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Total foreign investments | 880,310 | 100.0 | 772,748 | 100.0 |

### 2) Foreign currency denominated assets by currency

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| U.S. dollar | 351,345 | 71.8 | 286,858 | 73.3 |
| Euro | 121,597 | 24.8 | 93,116 | 23.8 |
| British pound | 11,905 | 2.4 | 8,247 | 2.1 |
| Canadian dollar | 4,531 | 0.9 | 2,243 | 0.6 |
| Australian dollar | 10 | 0.0 | 624 | 0.2 |
| Swiss franc | - | - | - | - |
| Swedish krone | - | - | - | - |
| Hong Kong dollar | - | - | - | - |
| Singapore dollar | - | - | - | - |
| Norwegian krone | - | - | - | - |
| Denmark krone | - | - | - | - |
| Total | 489,391 | 100.0 | 391,091 | 100.0 |

**3) Investments by region**

(Millions of yen, %)

| Category | As of March 31, 2007 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | | | | | Loans to borrowers located outside of Japan | |
| | | | Bonds | | Stocks and other securities | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 152,132 | 22.9 | 103,130 | 38.0 | 49,002 | 12.5 | 5,000 | 41.3 |
| Europe | 141,504 | 21.3 | 116,352 | 42.9 | 25,152 | 6.4 | 1,600 | 13.2 |
| Oceania | 5,545 | 0.8 | 5,545 | 2.0 | - | - | - | - |
| Asia | - | - | - | - | - | - | 153 | 1.3 |
| Latin America | 360,860 | 54.4 | 42,923 | 15.8 | 317,936 | 80.9 | 2,052 | 17.0 |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | 728 | 0.1 | - | - | 728 | 0.2 | - | - |
| International organizations | 3,092 | 0.5 | 3,092 | 1.1 | - | - | 3,300 | 27.3 |
| Total | 663,864 | 100.0 | 271,044 | 100.0 | 392,820 | 100.0 | 12,106 | 100.0 |

(Millions of yen, %)

| Category | As of March 31, 2008 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | | | | | Loans to borrowers located outside of Japan | |
| | | | Bonds | | Stocks and other securities | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 138,929 | 22.4 | 79,801 | 38.9 | 59,128 | 14.2 | 5,000 | 44.5 |
| Europe | 104,423 | 16.8 | 66,025 | 32.2 | 38,397 | 9.2 | 2,954 | 26.3 |
| Oceania | 4,534 | 0.7 | 4,534 | 2.2 | - | - | - | - |
| Asia | - | - | - | - | - | - | 123 | 1.1 |
| Latin America | 368,984 | 59.4 | 51,658 | 25.2 | 317,325 | 76.2 | - | - |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | 1,368 | 0.2 | - | - | 1,368 | 0.3 | - | - |
| International organizations | 3,074 | 0.5 | 3,074 | 1.5 | - | - | 3,150 | 28.1 |
| Total | 621,314 | 100.0 | 205,094 | 100.0 | 416,219 | 100.0 | 11,227 | 100.0 |

## (16) Fair Value Information on Securities and Others

### 1) Valuation gains (losses) on trading securities

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains (losses) | Current fair value and carrying value | Valuation gains (losses) |
| Trading securities | 187,242 | 3,467 | 159,782 | (39,374) |
| Domestic bonds | - | - | - | - |
| Domestic stocks | - | - | - | - |
| Foreign bonds | - | - | - | - |
| Foreign stocks, etc. | 187,242 | 3,467 | 159,782 | (39,374) |
| Monetary trusts | - | - | - | - |

### 2) Fair value information on securities (except trading securities)

#### a. Securities with market value

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Cost/ carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 5,223 | 5,128 | (94) | - | 94 |
| Domestic securities | 5,223 | 5,128 | (94) | - | 94 |
| Foreign securities | - | - | - | - | - |
| Monetary claims purchased | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 3,767,539 | 4,314,030 | 546,491 | 564,466 | 17,975 |
| Domestic bonds | 2,175,995 | 2,194,740 | 18,745 | 25,641 | 6,895 |
| Domestic stocks | 223,976 | 472,510 | 248,534 | 255,151 | 6,617 |
| Foreign securities | 298,837 | 308,673 | 9,835 | 11,151 | 1,315 |
| Bonds | 265,926 | 271,044 | 5,117 | 6,091 | 973 |
| Stocks, etc. | 32,911 | 37,628 | 4,717 | 5,059 | 342 |
| Other securities | 630,353 | 869,670 | 239,316 | 241,527 | 2,211 |
| Monetary claims purchased | 293,291 | 293,578 | 286 | 1,067 | 780 |
| Certificates of deposit | 100,000 | 100,000 | - | - | - |
| Monetary trusts | 45,084 | 74,857 | 29,772 | 29,927 | 154 |
| Total | 3,772,762 | 4,319,159 | 546,396 | 564,466 | 18,069 |
| Domestic bonds | 2,181,218 | 2,199,869 | 18,650 | 25,641 | 6,990 |
| Domestic stocks | 223,976 | 472,510 | 248,534 | 255,151 | 6,617 |
| Foreign securities | 298,837 | 308,673 | 9,835 | 11,151 | 1,315 |
| Bonds | 265,926 | 271,044 | 5,117 | 6,091 | 973 |
| Stocks, etc. | 32,911 | 37,628 | 4,717 | 5,059 | 342 |
| Other securities | 630,353 | 869,670 | 239,316 | 241,527 | 2,211 |
| Monetary claims purchased | 293,291 | 293,578 | 286 | 1,067 | 780 |
| Certificates of deposit | 100,000 | 100,000 | - | - | - |
| Monetary trusts | 45,084 | 74,857 | 29,772 | 29,927 | 154 |

*Notes:*

*1. The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Securities and Exchange Law.*

*2. Monetary trusts include securities other than trading securities.*

*3. For the year ended March 31, 2007, a part of securities classified as "held-to-maturity securities" was changed its category to "available-for-sale".*

#### b. Securities without market value (Carrying value)

(Millions of yen)

| Category | As of March 31, 2007 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Other securities | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | 1,392 |
| Available-for-sale securities | 194,706 |
| Unlisted domestic stocks (excluding over-the-counter stocks) | 19,569 |
| Unlisted foreign stocks (excluding over-the-counter stocks) | 0 |
| Unlisted foreign bonds | - |
| Others | 175,136 |
| Total | 196,098 |

*Note: Securities included in jointly operated designated monetary trusts are not included herein.*

**a. Securities with market value** (Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Cost/ carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 5,217 | 5,146 | (70) | - | 70 |
| Domestic bonds | 5,217 | 5,146 | (70) | - | 70 |
| Foreign bonds | - | - | - | - | - |
| Monetary claims purchased | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 3,847,655 | 4,011,578 | 163,922 | 209,611 | 45,688 |
| Domestic bonds | 2,303,599 | 2,334,393 | 30,794 | 33,972 | 3,178 |
| Domestic stocks | 202,332 | 317,084 | 114,751 | 118,091 | 3,340 |
| Foreign securities | 328,741 | 324,911 | (3,830) | 4,582 | 8,413 |
| Bonds | 206,343 | 205,094 | (1,249) | 2,510 | 3,759 |
| Stocks, etc. | 122,397 | 119,816 | (2,580) | 2,072 | 4,653 |
| Other securities | 683,957 | 700,358 | 16,400 | 44,646 | 28,245 |
| Monetary claims purchased | 261,161 | 266,640 | 5,479 | 5,787 | 308 |
| Certificates of deposit | 45,000 | 45,000 | - | - | - |
| Monetary trusts | 22,862 | 23,189 | 327 | 2,530 | 2,202 |
| Total | 3,852,872 | 4,016,725 | 163,852 | 209,611 | 45,758 |
| Domestic bonds | 2,308,816 | 2,339,540 | 30,724 | 33,972 | 3,248 |
| Domestic stocks | 202,332 | 317,084 | 114,751 | 118,091 | 3,340 |
| Foreign securities | 328,741 | 324,911 | (3,830) | 4,582 | 8,413 |
| Bonds | 206,343 | 205,094 | (1,249) | 2,510 | 3,759 |
| Stocks, etc. | 122,397 | 119,816 | (2,580) | 2,072 | 4,653 |
| Other securities | 683,957 | 700,358 | 16,400 | 44,646 | 28,245 |
| Monetary claims purchased | 261,161 | 266,640 | 5,479 | 5,787 | 308 |
| Certificates of deposit | 45,000 | 45,000 | - | - | - |
| Monetary trusts | 22,862 | 23,189 | 327 | 2,530 | 2,202 |

*Notes:*

*1. The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Financial Instruments and Exchange Law.*

*2. Monetary trusts include securities other than trading securities.*

*3. For the year ended March 31, 2008, the foreign preferred securities (cost/carrying value before mark-to-market: 91,342 million yen, current fair value: 90,651 million yen, net unrealized gains/losses: a loss of 690 million yen) classified as "b. securities without market value" was changed its category to "a. securities with market value"("Other securities" in "Available-for-sale securities").*

**b. Securities without market value (Carrying value)** (Millions of yen)

| Category | As of March 31, 2008 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Others | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | 1,392 |
| Available-for-sale securities | 178,964 |
| Unlisted domestic stocks (excluding over-the-counter stocks) | 22,132 |
| Unlisted foreign stocks (excluding over-the-counter stocks) | 0 |
| Unlisted foreign bonds | - |
| Others | 156,832 |
| Total | 180,357 |

*Note: Securities included in jointly operated designated monetary trusts are not included herein.*

**c. Fair value information consisting of those stated in the previous table-b and foreign exchange and other gains (losses) for table-a.**

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Cost/carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 5,223 | 5,128 | (94) | - | 94 |
| Domestic bonds | 5,223 | 5,128 | (94) | - | 94 |
| Foreign bonds | - | - | - | - | - |
| Monetary claims purchased | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | 1,392 | 1,392 | - | - | - |
| Available-for-sale securities | 3,962,245 | 4,529,972 | 567,727 | 585,885 | 18,158 |
| Domestic bonds | 2,175,995 | 2,194,740 | 18,745 | 25,641 | 6,895 |
| Domestic stocks | 243,545 | 492,080 | 248,534 | 255,151 | 6,617 |
| Foreign securities | 447,927 | 476,622 | 28,694 | 30,130 | 1,435 |
| Bonds | 265,926 | 271,044 | 5,117 | 6,091 | 973 |
| Stocks, etc. | 182,000 | 205,578 | 23,577 | 24,039 | 461 |
| Other securities | 656,401 | 898,094 | 241,692 | 243,967 | 2,274 |
| Monetary claims purchased | 293,291 | 293,578 | 286 | 1,067 | 780 |
| Certificates of deposit | 100,000 | 100,000 | - | - | - |
| Monetary trusts | 45,084 | 74,857 | 29,772 | 29,927 | 154 |
| Total | 3,968,861 | 4,536,493 | 567,632 | 585,885 | 18,253 |
| Domestic bonds | 2,181,218 | 2,199,869 | 18,650 | 25,641 | 6,990 |
| Domestic stocks | 244,938 | 493,472 | 248,534 | 255,151 | 6,617 |
| Foreign securities | 447,927 | 476,622 | 28,694 | 30,130 | 1,435 |
| Bonds | 265,926 | 271,044 | 5,117 | 6,091 | 973 |
| Stocks, etc. | 182,000 | 205,578 | 23,577 | 24,039 | 461 |
| Other securities | 656,401 | 898,094 | 241,692 | 243,967 | 2,274 |
| Monetary claims purchased | 293,291 | 293,578 | 286 | 1,067 | 780 |
| Certificates of deposit | 100,000 | 100,000 | - | - | - |
| Monetary trusts | 45,084 | 74,857 | 29,772 | 29,927 | 154 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Cost/carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 5,217 | 5,146 | (70) | - | 70 |
| Domestic bonds | 5,217 | 5,146 | (70) | - | 70 |
| Foreign bonds | - | - | - | - | - |
| Monetary claims purchased | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | 1,392 | 1,392 | - | - | - |
| Available-for-sale securities | 4,026,620 | 4,201,723 | 175,103 | 228,501 | 53,397 |
| Domestic bonds | 2,303,599 | 2,334,393 | 30,794 | 33,972 | 3,178 |
| Domestic stocks | 224,465 | 339,216 | 114,751 | 118,091 | 3,340 |
| Foreign securities | 453,183 | 461,531 | 8,348 | 21,810 | 13,462 |
| Bonds | 206,343 | 205,094 | (1,249) | 2,510 | 3,759 |
| Stocks, etc. | 246,839 | 256,437 | 9,597 | 19,300 | 9,702 |
| Other securities | 716,348 | 731,750 | 15,402 | 46,308 | 30,906 |
| Monetary claims purchased | 261,161 | 266,640 | 5,479 | 5,787 | 308 |
| Certificates of deposit | 45,000 | 45,000 | - | - | - |
| Monetary trusts | 22,862 | 23,189 | 327 | 2,530 | 2,202 |
| Total | 4,033,229 | 4,208,263 | 175,033 | 228,501 | 53,468 |
| Domestic bonds | 2,308,816 | 2,339,540 | 30,724 | 33,972 | 3,248 |
| Domestic stocks | 225,857 | 340,609 | 114,751 | 118,091 | 3,340 |
| Foreign securities | 453,183 | 461,531 | 8,348 | 21,810 | 13,462 |
| Bonds | 206,343 | 205,094 | (1,249) | 2,510 | 3,759 |
| Stocks, etc. | 246,839 | 256,437 | 9,597 | 19,300 | 9,702 |
| Other securities | 716,348 | 731,750 | 15,402 | 46,308 | 30,906 |
| Monetary claims purchased | 261,161 | 266,640 | 5,479 | 5,787 | 308 |
| Certificates of deposit | 45,000 | 45,000 | - | - | - |
| Monetary trusts | 22,862 | 23,189 | 327 | 2,530 | 2,202 |

### 3) Fair value information on monetary trusts

(Millions of yen)

| Category | As of March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value before mark-to-market (a) | Carrying value (b) | Current fair value (c) | Net unrealized gains (losses) | | |
| | | | | (c)-(b) | Gains | Losses |
| Monetary trusts | 71,073 | 100,846 | 100,846 | - | - | - |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value before mark-to-market (a) | Carrying value (b) | Current fair value (c) | Net unrealized gains (losses) | | |
| | | | | (c)-(b) | Gains | Losses |
| Monetary trusts | 104,276 | 104,603 | 104,603 | - | - | - |

#### a. Monetary trusts for investment

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Carrying value | Net valuation gains(losses) | Carrying value | Net valuation gains(losses) |
| Monetary trusts for investment | - | - | - | - |
| Investment type focused on stocks | - | - | - | - |

*Note: Above figures show all of the fair value information on monetary trusts including securities, cash and call loans and others.*

#### b. Monetary trusts for held-to-maturity, policy reserve matching securities and others

(Millions of yen)

| Category | As of March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value before mark-to-market (a) | Carrying value (b) | Current fair value (c) | Net unrealized gains (losses) | | |
| | | | | (c)-(a) | Gains | Losses |
| Monetary trusts for held-to-maturity | - | - | - | - | - | - |
| Monetary trusts for policy reserve matching | - | - | - | - | - | - |
| Other monetary trusts | 71,073 | 100,846 | 100,846 | 29,772 | 29,927 | 154 |
| Investment type focused on bonds | - | - | - | - | - | - |
| Investment type focused on stocks | 46,773 | 76,546 | 76,546 | 29,772 | 29,927 | 154 |
| Investment type focused on foreign securities | - | - | - | - | - | - |
| Balance-type | - | - | - | - | - | - |
| Investment type focused on collateral short-term money trust | - | - | - | - | - | - |
| Jointly-managed monetary trusts | 24,300 | 24,300 | 24,300 | - | - | - |
| Total | 71,073 | 100,846 | 100,846 | 29,772 | 29,927 | 154 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying value before mark-to-market (a) | Carrying value (b) | Current fair value (c) | Net unrealized gains (losses) | | |
| | | | | (c)-(a) | Gains | Losses |
| Monetary trusts for held-to-maturity | - | - | - | - | - | - |
| Monetary trusts for policy reserve matching | - | - | - | - | - | - |
| Other monetary trusts | 104,276 | 104,603 | 104,603 | 327 | 2,530 | 2,202 |
| Investment type focused on bonds | - | - | - | - | - | - |
| Investment type focused on stocks | 23,976 | 24,303 | 24,303 | 327 | 2,530 | 2,202 |
| Investment type focused on foreign securities | - | - | - | - | - | - |
| Balance-type | - | - | - | - | - | - |
| Investment type focused on collateral short-term money trust | - | - | - | - | - | - |
| Jointly-managed monetary trusts | 80,300 | 80,300 | 80,300 | - | - | - |
| Total | 104,276 | 104,603 | 104,603 | 327 | 2,530 | 2,202 |

*Note: Above figures show all of the fair value information on monetary trusts including securities, cash and call loans and others.*

**c. Fair value information for securities within monetary trusts in the previous table-a and b.**

***Monetary trusts within trading securities*** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Carrying value | Net valuation gains (losses) | Carrying value | Net valuation gains (losses) |
| Trading securities | - | - | - | - |
| Stocks | - | - | - | - |

***Monetary trusts within held-to-maturity securities, policy reserve matching bonds and available-for-sale securities***

(Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Available-for-sale securities | 45,084 | 74,857 | 29,772 | 29,927 | 154 |
| Domestic bonds | - | - | - | - | - |
| Domestic stocks | 45,084 | 74,857 | 29,772 | 29,927 | 154 |
| Other securities | - | - | - | - | - |
| Foreign bonds | - | - | - | - | - |
| Foreign stocks | - | - | - | - | - |
| Total | 45,084 | 74,857 | 29,772 | 29,927 | 154 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | - | - | - | - | - |
| Policy reserve matching bonds | - | - | - | - | - |
| Available-for-sale securities | 22,862 | 23,189 | 327 | 2,530 | 2,202 |
| Domestic bonds | - | - | - | - | - |
| Domestic stocks | 22,862 | 23,189 | 327 | 2,530 | 2,202 |
| Other securities | - | - | - | - | - |
| Foreign bonds | - | - | - | - | - |
| Foreign stocks | - | - | - | - | - |
| Total | 22,862 | 23,189 | 327 | 2,530 | 2,202 |

*Note: Securities in jointly operated and designated monetary trusts are not included.*

**4) Fair value information on real estate** (Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Land | 80,464 | 97,885 | 17,420 | 41,690 | 24,269 |
| Leasehold | 913 | 648 | (264) | 305 | 569 |
| Total | 81,377 | 98,533 | 17,156 | 41,995 | 24,839 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Land | 78,045 | 113,613 | 35,568 | 54,083 | 18,515 |
| Leasehold | 913 | 607 | (306) | 388 | 694 |
| Total | 78,958 | 114,220 | 35,262 | 54,472 | 19,209 |

*Note: Fair values are basically calculated based on the appraisal price. Less important property is calculated based on the posted price.*

**5) Fair value information on derivative transactions**

**a. Gains (losses) on derivatives with and without hedge accounting** (Millions of yen)

| Category | As of March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Interest-related | Currency-related | Stock-related | Bond-related | Others | Total |
| Hedge accounting applied | 1,218 | (1,024) | - | - | - | 193 |
| Hedge accounting not applied | (8) | 6,104 | (189) | 21 | - | 5,928 |
| Total | 1,209 | 5,079 | (189) | 21 | - | 6,122 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Interest-related | Currency-related | Stock-related | Bond-related | Others | Total |
| Hedge accounting applied | 1,084 | 120 | - | - | - | 1,204 |
| Hedge accounting not applied | (963) | 14,468 | - | - | - | 13,504 |
| Total | 120 | 14,588 | - | - | - | 14,709 |

*Notes:*

*1. Gains (losses) on derivatives which are applied to fair value hedge method (currency-related transactions as of March 31, 2007: a loss of 1,024 million yen ; as of March 31, 2008: a gain of 120 million yen) and gains (losses) on derivatives which are not applied to hedge accounting are recorded in the income statements.*

*2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and have been disclosed in yen amounts in the balance sheets, are not subject to disclose.*

**b. Interest-related transactions** (Millions of yen)

| Type | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Over-the-counter transactions | | | | | | | | |
| Interest rate swaps: | | | | | | | | |
| Receipts fixed, payments floating | - | - | - | - | - | - | - | - |
| Receipts floating, payments fixed | 139,782 | 138,382 | 1,209 | 1,209 | 138,382 | 138,382 | 120 | 120 |
| Receipts floating, payments floating | - | - | - | - | - | - | - | - |
| Others: | | | | | | | | |
| Sold | - | - | - | - | - | - | - | - |
| Bought | - | - | - | - | - | - | - | - |
| Total | | | | 1,209 | | | | 120 |

***Interest rate swaps by contractual maturity dates** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | 1 year or shorter | 1 year to 3 years | Over 3 years | Total | 1 year or shorter | 1 year to 3 years | Over 3 years |
| Receipts fixed, payments floating | | | | | | | | |
| Notional amount | - | - | - | - | - | - | - | - |
| Average fixed rate (receipt) (%) | - | - | - | - | - | - | - | - |
| Average fixed rate (payment) (%) | - | - | - | - | - | - | - | - |
| Receipts floating, payments fixed | | | | | | | | |
| Notional amount | 139,782 | 1,400 | 37,297 | 101,085 | 138,382 | - | 138,382 | - |
| Average fixed rate (receipt) (%) | 0.60 | 0.71 | 0.58 | 0.61 | 0.97 | - | 0.97 | - |
| Average fixed rate (payment) (%) | 0.90 | 1.97 | 0.77 | 0.93 | 0.89 | - | 0.89 | - |

**c. Currency-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Over-the-counter transactions | | | | | | | | |
| Foreign exchange contracts: | | | | | | | | |
| Sold: | 412,849 | - | 407,780 | 5,069 | 338,814 | - | 324,226 | 14,587 |
| U.S. dollar | 307,976 | - | 301,882 | 6,094 | 237,316 | - | 222,939 | 14,377 |
| Euro | 86,636 | - | 87,683 | (1,047) | 91,960 | - | 92,063 | (103) |
| British pound | 15,569 | - | 15,531 | 38 | 8,342 | - | 8,101 | 241 |
| Canadian dollar | 2,665 | - | 2,683 | (17) | 1,194 | - | 1,122 | 72 |
| Bought: | 995 | - | 1,005 | 10 | 201 | - | 202 | 0 |
| U.S. dollar | 402 | - | 406 | 3 | 201 | - | 202 | 0 |
| Euro | 592 | - | 599 | 6 | - | - | - | - |
| British pound | - | - | - | - | - | - | - | - |
| Canadian dollar | - | - | - | - | - | - | - | - |
| Total | | | | 5,079 | | | | 14,588 |

*Notes:*

*1. Forward exchange rates are used as the year -term end exchange rates.*

*2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and have been disclosed in yen amounts in the balance sheets, are not subject to disclose.*

**d. Stock-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Exchange-traded transactions | | | | | | | | |
| Stock index futures: | | | | | | | | |
| Sold | 16,563 | - | 16,753 | (189) | - | - | - | - |
| Bought | - | - | - | - | - | - | - | - |
| Stock options: | | | | | | | | |
| Sold | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Bought | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Total | | | | (189) | | | | - |

**e. Bond-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Exchange-traded transactions | | | | | | | | |
| Bond futures contracts: | | | | | | | | |
| Sold | 22,559 | - | 22,537 | 21 | - | - | - | - |
| Bought | - | - | - | - | - | - | - | - |
| Bond futures options: | | | | | | | | |
| Sold | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Bought | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Total | | | | 21 | | | | - |

**6) Others**

The Company held no other derivative instruments as of March 31, 2007 and March 31, 2008.

**c. Currency-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Over-the-counter transactions | | | | | | | | |
| Foreign exchange contracts: | | | | | | | | |
| Sold: | 412,849 | - | 407,780 | 5,069 | 338,814 | - | 324,226 | 14,587 |
| U.S. dollar | 307,976 | - | 301,882 | 6,094 | 237,316 | - | 222,939 | 14,377 |
| Euro | 86,636 | - | 87,683 | (1,047) | 91,960 | - | 92,063 | (103) |
| British pound | 15,569 | - | 15,531 | 38 | 8,342 | - | 8,101 | 241 |
| Canadian dollar | 2,665 | - | 2,683 | (17) | 1,194 | - | 1,122 | 72 |
| Bought: | 995 | - | 1,005 | 10 | 201 | - | 202 | 0 |
| U.S. dollar | 402 | - | 406 | 3 | 201 | - | 202 | 0 |
| Euro | 592 | - | 599 | 6 | - | - | - | - |
| British pound | - | - | - | - | - | - | - | - |
| Canadian dollar | - | - | - | - | - | - | - | - |
| Total | | | | 5,079 | | | | 14,588 |

*Notes:*

*1. Forward exchange rates are used as the year -term end exchange rates.*

*2. Assets and liabilities denominated in foreign currencies, which have fixed settlement amounts in yen under forward exchange contracts and have been disclosed in yen amounts in the balance sheets, are not subject to disclose.*

**d. Stock-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Exchange-traded transactions | | | | | | | | |
| Stock index futures: | | | | | | | | |
| Sold | 16,563 | - | 16,753 | (189) | - | - | - | - |
| Bought | - | - | - | - | - | - | - | - |
| Stock options: | | | | | | | | |
| Sold | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Bought | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Total | | | | (189) | | | | - |

**e. Bond-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | Over 1 Year | Current market or fair value | Valuation gains (losses) |
| Exchange-traded transactions | | | | | | | | |
| Bond futures contracts: | | | | | | | | |
| Sold | 22,559 | - | 22,537 | 21 | - | - | - | - |
| Bought | - | - | - | - | - | - | - | - |
| Bond futures options: | | | | | | | | |
| Sold | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Bought | | | | | | | | |
| Call | - | - | - | - | - | - | - | - |
| Put | - | - | - | - | - | - | - | - |
| Total | | | | 21 | | | | - |

**6) Others**

The Company held no other derivative instruments as of March 31, 2007 and March 31, 2008.

## 3. Status of Separate Account Assets

### (1) Balance of Separate Account Assets

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Individual variable insurance | 26,712 | 21,830 |
| Individual variable annuities | 18,141 | 16,596 |
| Individual variable annuities (non-participating) | 3,960 | 5,739 |
| Group annuities | 111,859 | 89,148 |
| Total | 160,673 | 133,315 |

### (2) Status of Individual Variable Insurance (Separate accounts)

**1) Total number of policies and total policy amount in force**

(Number, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Variable insurance (term life) | 274 | 1,013 | 234 | 826 |
| Variable insurance (whole life) | 8,206 | 63,439 | 7,947 | 60,863 |
| Total | 8,480 | 64,453 | 8,181 | 61,690 |

**2) Asset composition**

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 1,119 | 4.2 | 895 | 4.1 |
| Securities | 24,989 | 93.6 | 20,327 | 93.1 |
| Domestic bonds | 5,883 | 22.0 | 7,187 | 32.9 |
| Domestic stocks | 11,454 | 42.9 | 7,175 | 32.9 |
| Foreign securities | 7,651 | 28.6 | 5,964 | 27.3 |
| Foreign bonds | 3,074 | 11.5 | 2,947 | 13.5 |
| Foreign stocks, etc. | 4,576 | 17.1 | 3,016 | 13.8 |
| Other securities | - | - | - | - |
| Loans | - | - | - | - |
| Other assets | 603 | 2.3 | 607 | 2.8 |
| Reserve for possible loan losses | - | - | - | - |
| Total assets | 26,712 | 100.0 | 21,830 | 100.0 |

**3) Net investment income**

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 490 | 521 |
| Gains on sale of securities | 1,802 | 1,520 |
| Gains on redemption of securities | - | - |
| Valuation gains on securities | - | - |
| Foreign exchange gains, net | - | 2 |
| Gains from derivatives, net | - | - |
| Other investment income | 12 | 29 |
| Losses on sale of securities | 396 | 614 |
| Amortization of securities | - | - |
| Devaluation losses on securities | 1,033 | 4,682 |
| Foreign exchange losses, net | 0 | - |
| Losses from derivatives, net | - | - |
| Other investment expenses | 0 | 0 |
| Net investment income | 874 | (3,223) |

*Note: Above net investment income(losses) are stated on the statemnets of operations as an item of the gains(losses) from separate accounts.*

**4) Fair value information on securities**

**Valuation gains (losses) on trading securities** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains (losses) | Current fair value and carrying value | Valuation gains (losses) |
| Trading securities | 24,989 | (1,033) | 20,327 | (4,682) |
| Domestic bonds | 5,883 | 105 | 7,187 | 143 |
| Domestic stocks | 11,454 | (1,378) | 7,175 | (3,483) |
| Foreign bonds | 3,074 | 17 | 2,947 | (181) |
| Foreign stocks, etc. | 4,576 | 222 | 3,016 | (1,161) |
| Other securities | - | - | - | - |
| Monetary trusts | - | - | - | - |

**5) Fair value information on derivative transactions**

**a. Interest-related transactions**

The Company held no interest-related derivative instruments as of March 31, 2007 and 2008.

**b. Currency-related transactions**

The Company held no currency-related derivative instruments as of March 31, 2007 and 2008.

**c. Stock-related transactions**

The Company held no stock-related derivative instruments as of March 31, 2007 and 2008.

**d. Bond-related transactions**

The Company held no bond-related derivative instruments as of March 31, 2007 and 2008.

**e. Others**

The Company held no other derivative instruments as of March 31, 2007 and 2008.

## (3) Status of Individual Variable Annuities (Separate Accounts)

**1) Total number of policies and total policy amount in force** (Number, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Variable annuities (variable investment type) | 180 | 806 | 172 | 745 |
| Variable annuities (guaranteed living benefit type) | 164 | 507 | 159 | 497 |
| Total | 344 | 1,313 | 331 | 1,242 |

**2) Asset composition** (Millions of yen, %)

| Category | As of March 31, 2007 | | | | | |
|---|---|---|---|---|---|---|
| | Variable investment type | | | | GMLB type | |
| | Emphasis on stable return | | Emphasis on high return | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 560 | 10.0 | 260 | 4.2 | 251 | 4.0 |
| Securities | 5,015 | 89.6 | 5,900 | 95.2 | 6,060 | 95.5 |
| Domestic bonds | 3,531 | 63.1 | 1,202 | 19.4 | 3,069 | 48.4 |
| Domestic stocks | 819 | 14.6 | 3,091 | 49.9 | 1,915 | 30.2 |
| Foreign securities | 664 | 11.9 | 1,606 | 25.9 | 1,075 | 17.0 |
| Foreign bonds | 269 | 4.8 | 573 | 9.2 | 631 | 10.0 |
| Foreign stocks, etc. | 394 | 7.1 | 1,033 | 16.7 | 444 | 7.0 |
| Other securities | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - |
| Other assets | 23 | 0.4 | 34 | 0.6 | 32 | 0.5 |
| Reserve for possible loan losses | - | - | - | - | - | - |
| Total assets | 5,599 | 100.0 | 6,196 | 100.0 | 6,345 | 100.0 |

(Millions of yen, %)

| Category | As of March 31, 2008 | | | | | |
|---|---|---|---|---|---|---|
| | Variable investment type | | | | GMLB type | |
| | Emphasis on stable return | | Emphasis on high return | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 584 | 10.7 | 299 | 5.7 | 288 | 4.9 |
| Securities | 4,877 | 88.9 | 4,897 | 93.5 | 5,553 | 94.5 |
| Domestic bonds | 3,943 | 71.9 | 1,516 | 29.0 | 3,474 | 59.1 |
| Domestic stocks | 430 | 7.8 | 2,088 | 39.9 | 1,202 | 20.5 |
| Foreign securities | 503 | 9.2 | 1,292 | 24.7 | 876 | 14.9 |
| Foreign bonds | 261 | 4.8 | 553 | 10.6 | 613 | 10.4 |
| Foreign stocks, etc. | 242 | 4.4 | 739 | 14.1 | 262 | 4.5 |
| Other securities | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - |
| Other assets | 21 | 0.4 | 38 | 0.7 | 34 | 0.6 |
| Reserve for possible loan losses | - | - | - | - | - | - |
| Total assets | 5,483 | 100.0 | 5,235 | 100.0 | 5,877 | 100.0 |

**3) Net investment income** (Millions of yen)

| Category | Year Ended March 31, 2007 | | | Year Ended March 31, 2008 | | |
|---|---|---|---|---|---|---|
| | Variable investment type | | GMLB type | Variable investment type | | GMLB type |
| | Emphasis on stable return | Emphasis on high return | | Emphasis on stable return | Emphasis on high return | |
| Interests, dividends and income from real estate for rent | 90 | 106 | 109 | 93 | 119 | 116 |
| Gains on sale of securities | 149 | 421 | 302 | 149 | 310 | 246 |
| Gains on redemption of securities | - | - | - | - | - | - |
| Valuation gains on securities | - | - | - | - | - | - |
| Foreign exchange gains, net | - | - | - | - | - | - |
| Gains from derivatives, net | - | - | - | - | - | - |
| Other investment income | 1 | 3 | 1 | 2 | 5 | 3 |
| Losses on sale of securities | 49 | 84 | 69 | 71 | 146 | 114 |
| Losses on redemption of securities | - | - | - | - | - | - |
| Devaluation losses on securities | 44 | 278 | 189 | 272 | 1,236 | 675 |
| Foreign exchange losses, net | 0 | 1 | 0 | 0 | 0 | 0 |
| Losses from derivatives, net | - | - | - | - | - | - |
| Other investment expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Net investment income | 146 | 167 | 154 | (97) | (947) | (424) |

*Note: Above net investment income (loss) are stated on the statements of operations as an item of the gains (losses) from separate accounts.*

**4) Fair value information on securities**

**Valuation gains (losses) on trading securities**

***Individual variable annuities (Variable investment type / Emphasis on stable return)*** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains(losses) | Current fair value and carrying value | Valuation gains(losses) |
| Trading securities | 5,015 | (44) | 4,877 | (272) |
| Domestic bonds | 3,531 | 41 | 3,943 | 85 |
| Domestic stocks | 819 | (109) | 430 | (250) |
| Foreign bonds | 269 | 2 | 261 | (13) |
| Foreign stocks, etc. | 394 | 20 | 242 | (93) |
| Other securities | - | - | - | - |
| Monetary trusts | - | - | - | - |

***Individual variable annuities (Variable investment type / Emphasis on high return)*** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains(losses) | Current fair value and carrying value | Valuation gains(losses) |
| Trading securities | 5,900 | (278) | 4,897 | (1,236) |
| Domestic bonds | 1,202 | 15 | 1,516 | 27 |
| Domestic stocks | 3,091 | (342) | 2,088 | (981) |
| Foreign bonds | 573 | 11 | 553 | (28) |
| Foreign stocks, etc. | 1,033 | 36 | 739 | (254) |
| Other securities | - | - | - | - |
| Monetary trusts | - | - | - | - |

***Individual variable annuities (GMLB type)*** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains(losses) | Current fair value and carrying value | Valuation gains(losses) |
| Trading securities | 6,060 | (189) | 5,553 | (675) |
| Domestic bonds | 3,069 | 41 | 3,474 | 84 |
| Domestic stocks | 1,915 | (255) | 1,202 | (610) |
| Foreign bonds | 631 | 9 | 613 | (37) |
| Foreign stocks, etc. | 444 | 15 | 262 | (111) |
| Other securities | - | - | - | - |
| Monetary trusts | - | - | - | - |

**5) Fair value information on derivative transactions**

**a. Interest-related transactions**

The Company held no interest-related derivative instruments as of March 31, 2007 and 2008.

**b. Currency-related transactions**

The Company held no currency-related derivative instruments as of March 31, 2007 and 2008.

**c. Stock-related transactions**

The Company held no stock-related derivative instruments as of March 31, 2007 and 2008.

**d. Bond-related transactions**

The Company held no bond-related derivative instruments as of March 31, 2007 and 2008.

**e. Others**

The Company held no other derivative instruments as of March 31, 2007 and 2008.

## (4) Status of Non-Participating Individual Variable Annuities (Separate accounts)

**1) Total number of policies and total policy amount in force** (Number, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Non-participating individual variable annuities | 244 | 3,372 | 391 | 5,072 |

**2) Asset composition** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 1,172 | 29.6 | 1,109 | 19.3 |
| Securities | 2,787 | 70.4 | 4,630 | 80.7 |
| Domestic bonds | - | - | - | - |
| Domestic stocks | - | - | - | - |
| Foreign securities | - | - | - | - |
| Foreign bonds | - | - | - | - |
| Foreign stocks, etc. | - | - | - | - |
| Other securities | 2,787 | 70.4 | 4,630 | 80.7 |
| Loans | - | - | - | - |
| Other assets | - | - | - | - |
| Reserve for possible loan losses | - | - | - | - |
| Total assets | 3,960 | 100.0 | 5,739 | 100.0 |

**3) Net investment income** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | - | - |
| Gains on sale of securities | - | - |
| Gains on redemption of securities | - | - |
| Valuation gains on securities | 37 | - |
| Foreign exchange gains, net | - | - |
| Gains from derivatives, net | - | - |
| Other investment income | - | - |
| Losses on sale of securities | - | - |
| Amortization of securities | - | - |
| Devaluation losses on securities | - | 157 |
| Foreign exchange losses, net | - | - |
| Losses from derivatives, net | - | - |
| Other investment expenses | - | - |
| Net investment income (loss) | 37 | (157) |

*Note: Above net investment income (loss) are stated on the statemnets of operations as an item of the gains(losses) from separate accounts.*

**4) Fair value information on securities**

**Valuation gains (losses) on trading securities** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains (losses) | Current fair value and carrying value | Valuation gains (losses) |
| Trading securities | 2,787 | 37 | 4,630 | (157) |
| Domestic bonds | - | - | - | - |
| Domestic stocks | - | - | - | - |
| Foreign bonds | - | - | - | - |
| Foreign stocks, etc. | - | - | - | - |
| Other securities | 2,787 | 37 | 4,630 | (157) |
| Monetary trusts | - | - | - | - |

**5) Fair value information on derivative transactions**

**a. Interest-related transactions**

The Company held no interest-related derivative instruments as of March 31, 2007 and 2008.

**b. Currency-related transactions**

The Company held no currency-related derivative instruments as of March 31, 2007 and 2008.

**c. Stock-related transactions**

The Company held no stock-related derivative instruments as of March 31, 2007 and 2008.

**d. Bond-related transactions**

The Company held no bond-related derivative instruments as of March 31, 2007 and 2008.

**e. Others**

The Company held no other derivative instruments as of March 31, 2007 and 2008.

## 4. Reconciliation to Core Profit and Ordinary Profit

### (1) Reconciliation to core profit

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Core Revenues | 1,034,031 | 1,095,645 |
| Income from insurance premiums | 865,254 | 843,336 |
| Insurance premiums | 864,247 | 842,168 |
| Ceded reinsurance recoveries | 1,006 | 1,168 |
| Investment income | 138,671 | 147,528 |
| Interest, dividends and income from real estate for rent | 129,458 | 144,744 |
| Other investment income | 2,685 | 2,783 |
| Gains on separate accounts, net | 6,526 | - |
| Other ordinary income | 14,520 | 89,478 |
| Income related to withheld insurance claims and other payments for future annuity payments | 311 | 613 |
| Income due to withheld insurance payments | 2,552 | 2,745 |
| Reversal of reserve for policy reserve | 10,603 | 82,975 |
| Other ordinary income | 1,053 | 3,143 |
| Other core revenues | 15,584 | 15,302 |
| Core Expenses | 908,240 | 970,752 |
| Insurance claims and other payments | 758,211 | 804,318 |
| Insurance claims | 268,182 | 272,443 |
| Annuity payments | 27,978 | 30,106 |
| Insurance benefits | 174,681 | 178,426 |
| Surrender payments | 248,907 | 253,823 |
| Other payments | 37,415 | 68,577 |
| Reinsurance payments | 1,045 | 941 |
| Provision for policy and other reserves | 3,518 | 2,900 |
| Investment expenses | 11,767 | 33,736 |
| Interest expense | 165 | 265 |
| Depreciation of real estate for rent | 2,716 | 3,343 |
| Other investment expenses | 8,884 | 13,844 |
| Losses on separate accounts, net | - | 16,282 |
| Operating expenses | 111,815 | 114,170 |
| Other ordinary expenses | 22,881 | 15,627 |
| Payments related to withheld insurance claims | 2,344 | 2,880 |
| Taxes | 6,647 | 6,733 |
| Depreciation | 4,149 | 4,306 |
| Provision for reserve for employees' retirement benefits | 7,405 | 579 |
| Other ordinary expenses | 2,334 | 1,127 |
| Other core expenses | 46 | - |
| Core Profit | 125,791 | 124,893 |

## (2) Reconciliation to core profit

(Millions of yen)

| Category | | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Core profit | (A) | 125,791 | 124,893 |
| Capital gains | | 29,089 | 42,944 |
| Gains from monetary trusts, net | | 8,092 | 13,955 |
| Gains on investments in trading securities, net | | 17,824 | - |
| Gains on sale of securities | | 18,756 | 14,913 |
| Gains from derivatives, net | | - | 29,377 |
| Others | | (15,584) | (15,302) |
| Capital losses | | 32,330 | 60,791 |
| Losses on investments in trading securities, net | | - | 25,192 |
| Losses on sale of securities | | 5,744 | 10,086 |
| Devaluation losses on securities | | 610 | 19,429 |
| Losses from derivatives, net | | 20,324 | - |
| Foreign exchange losses, net | | 5,696 | 6,083 |
| Others | | (46) | - |
| Capital gains/losses | (B) | (3,241) | (17,846) |
| Core profit reflecting capital gains / losses | (A+B) | 122,549 | 107,046 |
| Other one-time gains | | (1,302) | (2,259) |
| Reversal of contingency reserve | | (1,302) | (2,259) |
| Other one-time losses | | - | 121 |
| Write-off of loans | | - | 121 |
| Other one-time gains/losses | (C) | (1,302) | (2,381) |
| Ordinary profit | (A+B+C) | 121,247 | 104,665 |

*Notes:*

*1. Core profit for the year ended March 31, 2007 includes 966 million yen of income gains from monetary trusts, 14,618 million yen of income gains on investment in trading securities as other core revenues instead of capital gains, and (46) million yen of income losses from derivatives as other core expenses, instead of capital losses.*

*2. Core profit for the year ended March 31, 2008 includes 646 million yen of income gains from monetary trusts, 14,434 million yen of income gains on investment in trading securities, and 220 million yen of income gains from derivatives as other core revenues, instead of capital gains.*

## 5. Disclosed Claims Based on Insurance Business Law Standard

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Claims against bankrupt and quasi-bankrupt obligors | 210 | 312 |
| Claims with collection risk | 1,249 | 964 |
| Claims for special attention | 374 | 312 |
| Sub-total | 1,834 | 1,589 |
| [% of Total] | [ 0.20] | [ 0.18] |
| Claims against normal obligors | 936,253 | 893,143 |
| Total | 938,088 | 894,733 |

*Notes:*

*1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.*

*2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.*

*3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in notes 1 or 2 above.*

*4. Claims against normal obligors are all other loans.*

## 6. Risk Monitored Loans (Based on Insurance Business Law Guidelines)

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Loans to bankrupt companies | 195 | 190 |
| Past due loans | 1,264 | 1,087 |
| Loans over due for three months or more | - | - |
| Restructured loans | 374 | 312 |
| Total | 1,833 | 1,589 |
| [% of total loans] | [ 0.20] | [ 0.18] |

*Notes:*

*1. Certain past due loans and loans to bankrupt companies were written off and charged to the reserve for possible loan losses. Write-offs relating to bankrupt companies as of March 31, 2007 and March 31, 2008 amounted to 5 million yen and 125 million yen, respectively. Past due loans amounts to 219 million yen and 199 million yen as of March 31, 2007 and March 31, 2008, respectively.*

*2. Loans to bankrupt companies are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company has stopped accruing interest after determining that collection or repayment of principal or interest is impossible due to a significant delay in payment of principal or interest or for some other reason.*

*3. Past due loans are loans (other than the loans described in note 2 above and the loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting the borrower) on which the Company has stopped accruing interest based on self-assessment.*

*4. Loans over due for three months or more are loans, other than the loans described in notes 2 or 3 above, on which principal and/or interest are in arrears for three months or more.*

*5. Restructured loans are loans, other than the loans described in notes 2, 3 or 4 above, for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting the borrower.*

## (Reference) Reserve for Possible Loan Losses

### (1) Reserve for Possible Loan Losses

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| General reserve for possible loan losses | 183 | 175 |
| Specific reserve for possible loan losses | 859 | 854 |
| Specific reserve for loans to refinancing countries | - | - |
| Total | 1,043 | 1,029 |

### (2) Specific Reserve for Possible Loan Losses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Transfer | 859 | 854 |
| Reversal | 1,481 | 859 |
| Total | (621) | (5) |

*Note: The amount of reversal indicated above does not include the amount of reversal made for any specific purpose.*

### (3) Specific Reserve for Loans to Refinancing Countries

**1) Specific reserve for loans to refinancing countries**

The Company held no specific reserve for loans to refinancing countries as of March 31, 2007 and 2008.

**2) Loan outstanding by country**

The Company held no loan outstanding by country as of March 31, 2007 and 2008.

### (4) Write-off of Loans

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Write-off of loans | - | 121 |

*Note: The amounts of loan write-offs are those representing the portions of the relevant collateralized or guaranteed credits to Bankrupt Debtors and Effectively Bankrupt Debtors that remain unrecoverable, after deduction of the amounts equivalent to those deemed recoverable by way of valuation of collateral or execution of guarantee, and are reduced directly from the relevant aggregate credits.*

## (Reference) Self-Assessment of Loans

Self-assessment of assets means individually reviewing each asset, and categorizing it according to risks in collection or deterioration of the value as an asset, which should provide the basis for adequate write-offs or reservation, and creation of reliable financial statements.

According to their risks in collection or deterioration of the value as an asset, assets are categorized into four classes from Class I - IV. Class I is composed of assets with no problem.

Daido Life has established the internal criteria for self-assessment, and write-offs and reservation, and is carrying out strict self-assessment, and write-offs and reserve.

In the results of self-assessment of loans as of March 31, 2008, the Company deducted all assets categorized Class IV as uncollectible, and calculated the expected losses on each asset in Class III, and added the adequate reserve. Thus, the Company is making efforts to keep soundness of its assets.

**Self-Assessment of Loans**

(Millions of yen)

| Classifications | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Before write-offs / reservation | After write-offs / reservation | Before write-offs / reservation | After write-offs / reservation |
| Class I | 922,280 | 923,005 | 833,809 | 834,404 |
| Class II | 14,937 | 14,937 | 60,180 | 60,180 |
| Class III | 869 | 144 | 743 | 148 |
| Class IV | - | - | - | - |
| Total exposures | 938,088 | 938,088 | 894,733 | 894,733 |

*Note: The total exposures include securities lent, guarantee endorsements, interest payable and suspense payments in addition to loans. The interest payable and suspense payments included here are limited to those related to loans and securities lent.*

## 7. Solvency Margin Ratio

(Millions of yen)

| Items | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Total solvency margin | (A) | 1,135,048 | 852,732 |
| Common stock, etc. (less certain items) | | 229,827 | 252,126 |
| Reserve for price fluctuations | | 61,585 | 73,558 |
| Contingency reserve | | 80,382 | 82,642 |
| Reserve for possible loan losses | | 183 | 175 |
| Net unrealized gains on available-for-sale securities (before tax) (x 90 per cent., if gains; x 100 per cent., if losses) | | 510,954 | 157,593 |
| Net unrealized gains (losses) on real estate (x 85 per cent., if gains; x 100 per cent., if losses) | | 14,582 | 29,973 |
| Excess amount of policy reserve based on Zillmer method | | 127,608 | 130,878 |
| Unallotted portion of reserve for policyholder dividends | | 13,240 | 17,304 |
| Future profits | | 15,502 | 15,618 |
| Deferred tax assets | | 81,181 | 92,862 |
| Subordinated debt | | - | - |
| Deductible items | | - | - |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ | (B) | 171,889 | 155,557 |
| Insurance risk | $R_1$ | 33,692 | 29,522 |
| Assumed investment yield risk | $R_2$ | 19,197 | 18,080 |
| Investment risk | $R_3$ | 144,508 | 129,254 |
| Business risk | $R_4$ | 3,964 | 3,632 |
| Minimum guaranty risk | $R_7$ | 804 | 862 |
| 3rd sector insurance risk | $R_8$ | - | 3,925 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | | 1,320.6% | 1,096.3% |

*Notes:*

*1. The above ratio is calculated in accordance with Articles 86, 87 of the ministerial ordinance for Insurance Business Law as well as Announcement No. 50 issued by the Ministry of Finance in 1996.*

*2. "Common stock, etc. (less certain items)" represents net assets on the balance sheet less net unrealized gains on securities, provision for advanced depreciation on real estate, gains on deferred hedge and estimated appropriation paid in cash. (appropriation paid in cash as of March 31, 2007)*

*3. Net unrealized gains (losses) on real estates are basically calculated by the method of appraised price, whereas as for less important real estates, they are calculated by the method of posted price.*

*4. "Excess amount of policy reserve based on Zillmer method" in Total solvency margin above was described as "Excess amount of surrender payment" in the fiscal year ended March 31, 2007.*

*5. "Minimum guarantee risk $R_7$" were calculated using the standard method regulated by FSA.*

*6. As for March 31, 2008, "3rd sector insurance risk $R_8$" is included in calculation. As for March 31, 2007, the ratio is calculated according to the former rule.*

## 8. Adjusted Net Assets

(Millions of yen)

| Items | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Adjusted net assets | 1,109,674 | 777,216 |

*Note: Adjusted net assets are calculated based on the regulatory standard.*

May 19, 2008
Daido Life Insurance Company

# Supplementary Data for the Fiscal Year Ended March 31, 2008
# Non-Consolidated Financial Results at Press Conference

## (1) Sales Results

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Six Months Ended September 30, 2007 | | Fiscal Year Ended March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Annualized premiums of new policies | 83,462 | 0.7 | 37,527 | (10.7) | 71,992 | (13.7) |
| 3rd sector products | 3,892 | (0.6) | 2,032 | 7.1 | 3,992 | 2.6 |
| Annualized premiums of total policies | 692,273 | 1.1 | 691,947 | 0.3 | 689,186 | (0.4) |
| 3rd sector products | 58,574 | (3.4) | 57,860 | (3.3) | 57,001 | (2.7) |
| Income from insurance premiums | 865,254 | (0.7) | 419,553 | (2.9) | 843,336 | (2.5) |
| Individual insurance and annuities | 673,891 | 0.9 | 335,059 | (0.4) | 669,498 | (0.7) |
| Group insurance and annuities | 188,633 | (5.6) | 83,022 | (11.7) | 170,759 | (9.5) |
| New policy amount | 4,327,836 | 0.8 | 2,425,744 | 8.3 | 4,634,260 | 7.1 |
| Policy amount in force | 39,732,098 | (0.7) | 39,906,668 | (0.2) | 39,897,122 | 0.4 |
| Surrender and lapse amount | 3,615,874 | 18.9 | 1,783,116 | 1.0 | 3,550,027 | (1.8) |
| Surrender and lapse rate | 9.04% | 1.38points | 4.49% | 0.08points | 8.93% | (0.11points) |

*Notes:*

*1. New policy amount and policy amount in force include individual insurance and annuities.*

*2. Surrender and lapse amount does not include reinstatement*

*3. Surrender and lapse rates for the six months ended September 30, 2007 is not annualized.*

*4. Annualized premiums include individual insurance and annuities, and exclude the net increase from conversion.*

## (2) Assets

(Millions of yen, %)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Total assets | 6,397,075 | (0.1) | 6,288,386 | (0.2) | 6,047,881 | (5.5) |
| Adjusted net asset | 1,109,674 | 4.5 | 1,045,130 | 4.3 | 777,216 | (30.0) |
| Adjusted net asset / General account assets | 17.8 | 0.8points | 17.0 | 0.7points | 13.1 | (4.7points) |
| Solvency margin ratio | 1,320.6 | 66.2points | 1,266.1 | 67.0points | 1,096.3 | (224.3points) |

## (3) Core Profit / Negative Spread / Investment Yield

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| Core profit | Amount | % Change | Amount | % Change | Amount |
| | 125,791 | 30.9 | 124,893 | (0.7) | 107,000 |

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| Negative spread | Amount | Change | Amount | Change | Amount |
| | - *(Note)* | | - *(Note)* | | 5,000 |

*Note: Daido's spread turned to positive. (The fiscal year ended March 31, 2007: ¥8,390 million; the fiscal year ended March 31, 2008: ¥21,758 million)*

(%)

| | Fiscal Year Ended March 31, 2007 | Fiscal Year Ended March 31, 2008 | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|
| Investment yield for core profit | 2.69 | 2.90 | approx. 2.3 |
| Investment yield (general account) | 2.31 | 2.21 | approx. 1.8 |
| Average assumed investment yield | 2.52 | 2.46 | approx. 2.4 |

## (4) Policy and Other Reserves

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Policy reserve *(Note 1)* | 5,216,840 | (10,603) | 5,180,863 | (34,997) | 5,133,865 | (82,975) |
| General account | 5,074,452 | (18,010) | 5,041,031 | (40,412) | 5,017,316 | (57,136) |
| Separate account | 142,388 | 7,406 | 139,831 | 5,415 | 116,549 | (25,839) |
| Reserve for price fluctuations | 61,585 | 14,014 | 65,159 | 10,136 | 73,558 | 11,972 |
| Contingency reserve | 80,382 | 1,302 | 81,552 | 2,012 | 82,642 | 2,259 |
| Contingency reserve I | 45,074 | 309 | 40,802 | (4,177) | 41,318 | (3,756) |
| Contingency reserve II | 34,912 | 971 | 36,332 | 2,150 | 36,944 | 2,032 |
| Contingency reserve III | 395 | 21 | 422 | 44 | 453 | 58 |
| Contingency reserve IV | - | - | 3,995 | 3,995 | 3,925 | 3,925 |
| Contingency reserve fund | - | - | - | - | - | - |
| Price fluctuation reserve fund | - | - | - | - | - | - |
| Appropriated retained earnings for general purposes *(Note 2)* | 130,000 | 30,000 | 130,000 | 30,000 | 150,000 | 20,000 |

*Notes:*

*1. The amount of policy reserve excludes the amount of contingency reserve.*

*2. Appropriated retaind earnings as of March 2007 above were the balance with the approval of the appropriated retaind earnings. Appropriated retained earnings as of March 31, 2008 above were the balance after the approval of the proposal for the appropriated retained earnings in the general meeting of shareholders.*

## (5) Unrealized Gains / Losses

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Securities | 546,396 | (41,402) | 450,935 | (47,763) | 163,852 | (382,543) |
| Domestic stocks | 248,534 | (49,615) | 194,797 | (50,706) | 114,751 | (133,782) |
| Domestic bonds | 18,650 | 5,146 | 12,527 | (7,401) | 30,724 | 12,073 |
| Foreign securities | 9,835 | 1,317 | 4,657 | (9,601) | (3,830) | (13,665) |
| Other securities | 239,316 | 8,348 | 214,402 | 24,919 | 16,400 | (222,916) |
| Real estate (domestic land and lease) | 17,156 | 22,129 | 15,006 | 17,720 | 35,262 | 18,106 |

*Notes:*

*1. These figures include securities held in monetary trusts and do not include securities without readily obtainable fair value.*

*2. Unrealized gains / losses on real estate are mainly calculated based on the appraisal price. As for less important property, posted price is used.*

## (7) Investment for the Fiscal Year Ended March 31, 2008

(Millions of yen)

| | Net Increase (decrease) | Forecast for the Fiscal Year Ending March 31, 2009 |
|---|---|---|
| Domestic stocks | (30,533) | Prolong duration of domestic bonds if interest rates rise. Basically maintain current asset composition for domestic stocks, foreign stocks, foreign currency exchange and others. Possible change according to the prospect of the market. Continue to increase net exposure to alternative investments. |
| [Including stocks held in investment trusts] | [65,703] | |
| Domestic bonds | 125,857 | |
| Foreign stocks, etc. | 67,482 | |
| Foreign bonds | (59,883) | |
| Real estate | (3,772) | |

*Notes:*

*1. Net increase (decrease) indicates net of the total executed amount including stock futures contracts and bond futures contracts. As for monetary trusts the amount is the net cash inflow (outflow) due to newly setup or cancellation.*

*2. Forecasts for the fiscal year ending March 31, 2009 are stated on net exposure basis.*

*3. Domestic bonds except treasury bills and financial bills amounted to 77,806 million yen.*

## (8) Level of Indices where Unrealized Gains/Losses on Assets are Break-even as of March 31, 2008

| | | |
|---|---|---|
| NIKKEI Average | approx. | 8,000 yen |
| TOPIX | approx. | 770 points |
| Yen-denominated bonds | approx. | 1.7% |
| Foreign securities | approx. | 96 yen |

*Notes:*

*1. These figures are calculated based on asset holdings as of March 31, 2008 assuming that our asset portfolio is the same as those of the NIKKEI average, TOPIX, 10-Year JGB and U.S .dollar / yen rate. Because our portfolio is not necessarily the same as these indices, actual results may differ from above figures.*

*2. The indices for Yen-denominated bonds are calculated on a 10-Year JGB yield basis (March31, 2008: 1.28%).*

*3. The indice of Foreign securities is calculated based on a U.S. dollar/yen rate basis (March 31, 2008: 100.19 yen). Currency hedged position to which applied hedge accounting rule are excluded in the calculation.*

## (9) Performance Forecasts

(Millions of yen)

| | Fiscal Year Ending March 31, 2009 |
|---|---|
| Income from insurance premiums | 850,000 |
| Annualized premiums of total policies | 690,000 |
| Policy amount in force | 39,910,000 |

*Notes:*

*1. Policy amount in force includes individual insurance and annuities*

*2. The above forecasts for the year ending March 31, 2008 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based of risks and uncertainties that may affect the Company's businesses.*

## (10) Cross Holdings with Domestic Banks as of March 31, 2008

### 1) Contributions from Domestic Banks

(Millions of yen)

| | Amount |
|---|---|
| Funds | None |
| Subordinated loans and debentures | None |

### 2) Contributions to Domestic Banks

(Millions of yen)

| | Amount |
|---|---|
| Bank stocks held | 106,155 |
| Subordinated loans and debentures | 299,453 |

## (11) Number of Employees and Agents

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| In-house sales representatives | 4,726 | (3.7) | 4,491 | (8.1) | 4,307 | (8.9) |
| Sales agents | 14,295 | 2.4 | 14,634 | 2.4 | 14,460 | 1.2 |
| Administrative personnel | 3,212 | 1.3 | 3,392 | 4.5 | 3,358 | 4.5 |

## (12) Provision for reserve for policyholder dividends for the Year ended March 31, 2008

(Millions of yen)

| | Amount | % Change |
|---|---|---|
| Individual insurance | 17,708 | (17.3) |
| Individual annuities | 212 | 33.5 |
| Group insurance | 11,134 | (26.9) |
| Group annuities | 1,933 | (35.7) |
| Total including others | 31,237 | (22.0) |

## (13) OTC Sales through Banks

Daido life is not applicable since the Company does not offer its products OTC through banks.

# NON-CONSOLIDATED FINANCIAL SUMMARY

(For the fiscal year ended March 31, 2008)

May 19, 2008

| | |
|---|---|
| Name of Company: | **T&D Holdings, Inc.** (Financial Summary for T&D Financial Life Insurance Company) |
| Stock Listings: | Tokyo, Osaka |
| Security Code No.: | 8795 |
| Head Office: | Tokyo, Japan |
| URL: | http://www.td-holdings.co.jp/e/ |

### *1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007 - March 31, 2008)*

(1) Results of Operations

*Note: Amounts of less than one million yen have been eliminated, and percentages have been rounded to the nearest percent.*

| | Ordinary Revenues | % change | Ordinary Profit | % change | Core Profit | % change | Net Income | % change |
|---|---|---|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥180,453 million | (32.2) | ¥(9,667) million | (28.5) | ¥(18,183) million | 181.6 | ¥(6,937) million | (35.3) |
| Year ended March 31, 2007 | ¥266,120 million | (14.8) | ¥(13,528) million | 10.5 | ¥(6,457) million | (8.2) | ¥(10,720) million | (6.1) |

| | Net Income Per Share | Net Income Per Share (Fully Diluted) | Ratio of Net Income to Shareholders' Equity | Ratio of Ordinary Profit to Total Assets | Ratio of Ordinary Profit to Ordinary Revenues |
|---|---|---|---|---|---|
| Year ended March 31, 2008 | ¥(8,672.25) | - | (22.7)% | (0.9)% | (5.4)% |
| Year ended March 31, 2007 | ¥(13,400.36) | - | (27.0)% | (1.3)% | (5.1)% |

*Notes:*

1. *Core Profit is a measure of a life insurance company's underlying profitability from core insurance operations on a non-consolidated basis, defined as ordinary profit excluding "capital gains and losses" such as gains and losses on sale of securities and devaluation losses on securities and "other one-time gains and losses" such as provision for (reversal of) contingency reserve and write-off of loans.*
2. % changes for ordinary revenues and ordinary profit, etc. are presented in comparison with the same term of the previous fiscal year.

(2) Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|---|---|---|---|---|
| As of March 31, 2008 | ¥1,048,962 million | ¥26,922 million | 2.6% | ¥33,652.53 |
| As of March 31, 2007 | ¥1,078,447 million | ¥34,201 million | 3.2% | ¥42,752.18 |

*Note: Shareholder's equity: as of March 31, 2008: ¥26,922 million; as of March 31, 2007: ¥34,201 million*

### *2. Dividends*

| | Annual Dividends per Share | | | Dividends Paid for the Year | Payout Ratio | Dividends on Net Assets |
|---|---|---|---|---|---|---|
| | | Interim | Year-End | | | |
| Year ended March 31, 2007 | ¥- | ¥- | ¥- | ¥- | -% | -% |
| Year ended March 31, 2008 | ¥- | ¥- | ¥- | ¥- | -% | -% |

### *3. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)*

T&D Financial Life's forecasts are omitted. Please refer to T&D Holdings' *"Consolidated Forecasts for the Year Ending March 31, 2009"* section in this material *"Consolidated Financial Summary for the fiscal year ended March 31, 2008"*.

### *4. Others*

(1) Significant Changes in Accounting Principle and Procedure and Changes in Presentation Method for Consolidated Financial Summary:

Changes due to the revision of accounting standards: Applicable

Changes due to other factors : None

*Note: Please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Consolidated Financial Summary for the fiscal year ended March 31, 2008".*

(2) Number of Outstanding Shares (Common Stock):

Number of outstanding shares including treasury stock at the end of the year: as of March 31, 2008: 800,000
as of March 31, 2007: 800,000

Number of treasury stock at the end of the term: None

Average number of outstanding shares during the term: for the fiscal year ended March 31, 2008: 800,000
for the fiscal year ended March 31, 2007: 800,000

## T&D Financial Life Unaudited Non-Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Assets:** | | | | | |
| Cash and deposits | 30,649 | 2.8 | 20,627 | 2.0 | (10,022) |
| Cash | 1 | | 1 | | (0) |
| Deposit | 30,648 | | 20,626 | | (10,021) |
| Call loans | 20,000 | 1.9 | 29,500 | 2.8 | 9,500 |
| Monetary trusts | 12,340 | 1.1 | 30,165 | 2.9 | 17,824 |
| Securities | 977,536 | 90.6 | 934,854 | 89.1 | (42,681) |
| Government bonds | 336,822 | | 347,897 | | 11,074 |
| Corporate bonds | 17,686 | | 12,263 | | (5,423) |
| Domestic stocks | 1,913 | | 960 | | (952) |
| Foreign securities | 24,823 | | 2,015 | | (22,808) |
| Other securities | 596,290 | | 571,718 | | (24,571) |
| Loans | 10,259 | 1.0 | 7,277 | 0.7 | (2,982) |
| Policy loans | 7,704 | | 7,235 | | (468) |
| Commercial loans | 2,555 | | 41 | | (2,513) |
| Tangible fixed assets | 298 | 0.0 | 300 | 0.0 | 2 |
| Buildings | 286 | | 293 | | 7 |
| Other tangible fixed assets | 11 | | 6 | | (4) |
| Intangible fixed assets | 2,690 | 0.2 | 3,356 | 0.3 | 665 |
| Software | 2,682 | | 3,347 | | 665 |
| Other intangible fixed assets | 8 | | 8 | | (0) |
| Due from agencies | 0 | 0.0 | 0 | 0.0 | (0) |
| Due from reinsurers | 8,158 | 0.8 | 7,671 | 0.7 | (487) |
| Other assets | 10,330 | 1.0 | 6,522 | 0.6 | (3,808) |
| Accounts receivable | 8,585 | | 4,769 | | (3,816) |
| Prepaid expenses | 260 | | 282 | | 22 |
| Accrued income | 842 | | 718 | | (124) |
| Deposit for rent | 414 | | 486 | | 71 |
| Suspense payable | 64 | | 101 | | 36 |
| Other assets | 162 | | 163 | | 0 |
| Deferred tax assets | 6,254 | 0.6 | 8,755 | 0.9 | 2,501 |
| Reserve for possible loan losses | (71) | (0.0) | (69) | (0.0) | 2 |
| **Total assets** | 1,078,447 | 100.0 | 1,048,962 | 100.0 | (29,485) |

(Millions of yen)

| | As of March 31, 2007 | | As of March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Liabilities:** | | | | | |
| Policy reserves | 1,029,160 | 95.4 | 1,011,530 | 96.4 | (17,629) |
| Reserve for outstanding claims | 5,144 | | 5,240 | | 96 |
| Policy reserve | 1,020,869 | | 1,004,147 | | (16,721) |
| Reserve for policyholder dividends | 3,146 | | 2,142 | | (1,004) |
| Due to agencies | 1,313 | 0.1 | 280 | 0.0 | (1,032) |
| Due to reinsurers | 84 | 0.0 | 66 | 0.0 | (17) |
| Other liabilities | 5,347 | 0.5 | 2,094 | 0.2 | (3,253) |
| Income taxes payable | 24 | | 12 | | (12) |
| Accounts payable | 3,525 | | 932 | | (2,592) |
| Accrued expenses | 1,385 | | 835 | | (549) |
| Unearned income | 0 | | 0 | | (0) |
| Deposit received | 312 | | 219 | | (92) |
| Suspense receipt | 100 | | 93 | | (6) |
| Reserve for employees' retirement benefits | 7,794 | 0.7 | 7,446 | 0.7 | (347) |
| Reserve for directors' and corporate auditors' retirement benefits | 152 | 0.0 | 207 | 0.0 | 54 |
| Reserve for price fluctuations | 393 | 0.1 | 414 | 0.1 | 21 |
| **Total liabilities** | 1,044,246 | 96.8 | 1,022,040 | 97.4 | (22,205) |
| **Net assets:** | | | | | |
| Common stock | 36,000 | 3.4 | 36,000 | 3.4 | - |
| Capital surplus | 26,000 | 2.4 | 26,000 | 2.5 | - |
| Retained earnings | (26,951) | (2.5) | (33,889) | (3.2) | (6,937) |
| Other retained earnings | (26,951) | | (33,889) | | (6,937) |
| Unappropriated retained earnings | (26,951) | | (33,889) | | (6,937) |
| Total stockholder's equity | 35,048 | 3.3 | 28,110 | 2.7 | (6,937) |
| Net unrealized gains on securities | (846) | (0.1) | (1,188) | (0.1) | (341) |
| Total valuation and translation adjustments | (846) | (0.1) | (1,188) | (0.1) | (341) |
| **Total net assets** | 34,201 | 3.2 | 26,922 | 2.6 | (7,279) |
| **Total liabilities and net assets** | 1,078,447 | 100.0 | 1,048,962 | 100.0 | (29,485) |

## T&D Financial Life Unaudited Non-Consolidated Statements of Operations

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Ordinary revenues** | 266,120 | 100.0 | 180,453 | 100.0 | (85,667) |
| **Income from insurance premiums** | 240,759 | | 134,097 | | (106,661) |
| Insurance premiums | 235,146 | | 130,894 | | (104,251) |
| Ceded reinsurance recoveries | 5,612 | | 3,203 | | (2,409) |
| **Investment income** | 17,173 | | 19,829 | | 2,656 |
| Interest, dividends and income from real estate for rent | 4,396 | | 4,158 | | (237) |
| Interest income from deposits | 0 | | 0 | | 0 |
| Interest income and dividends from securities | 3,990 | | 3,651 | | (339) |
| Interest income from loans | 342 | | 288 | | (53) |
| Other income from interest and dividends | 62 | | 218 | | 156 |
| Gains from monetary trust, net | - | | 15,324 | | 15,324 |
| Gains on sales of securities | 1,266 | | 277 | | (989) |
| Gains on redemption of securities | 1 | | 14 | | 13 |
| Foreign exchange gains, net | - | | 0 | | 0 |
| Other investment income | 136 | | 53 | | (82) |
| Gains on separate accounts, net | 11,372 | | - | | (11,372) |
| **Other ordinary income** | 8,188 | | 26,526 | | 18,337 |
| Income related to withheld insurance claims and other payments for future annuity payments | 7,751 | | 9,222 | | 1,470 |
| Income due to withheld insurance payments | 335 | | 227 | | (108) |
| Reversal of reserve for outstanding claims | - | | 16,721 | | 16,721 |
| Reversal of reserve for employees' retirement benefits | 91 | | 347 | | 256 |
| Other ordinary profit | 9 | | 7 | | (2) |
| **Ordinary expenses** | 279,649 | 105.1 | 190,120 | 105.4 | (89,529) |
| **Insurance claims and other payments** | 99,590 | | 95,581 | | (4,009) |
| Insurance claims | 21,027 | | 20,119 | | (908) |
| Annuity payments | 5,176 | | 5,720 | | 544 |
| Insurance benefits | 16,685 | | 18,705 | | 2,020 |
| Surrender payments | 45,406 | | 40,103 | | (5,302) |
| Other payments | 7,825 | | 7,702 | | (122) |
| Reinsurance premiums | 3,470 | | 3,229 | | (240) |
| **Provision for policy and other reserves** | 154,582 | | 101 | | (154,481) |
| Provision for reserve for outstanding claims | 669 | | 96 | | (573) |
| Provision for policy reserve | 153,907 | | - | | (153,907) |
| Interest portion of reserve for policyholder dividends | 5 | | 5 | | (0) |
| **Investment expenses** | 4,766 | | 77,951 | | 73,185 |
| Interest expenses | 4 | | 21 | | 17 |
| Losses from monetary trusts, net | 3,407 | | - | | (3,407) |
| Losses on sales of securities | 1,302 | | 189 | | (1,113) |
| Devaluation losses on securities | - | | 24 | | 24 |
| Losses from redemption of securities | 1 | | - | | (1) |
| Foreign exchange losses, net | 0 | | - | | (0) |
| Other investment expenses | 50 | | 96 | | 46 |
| Losses on separate accounts, net | - | | 77,619 | | 77,619 |
| **Operating expenses** | 17,921 | | 13,605 | | (4,316) |
| **Other ordinary expenses** | 2,787 | | 2,880 | | 92 |
| Payments related to withheld insurance claims | 638 | | 599 | | (39) |
| Taxes | 1,530 | | 940 | | (590) |
| Depreciation | 560 | | 615 | | 54 |
| Provision for reserve for directors' and corporate auditors' retirement benefits | 35 | | 54 | | 19 |
| Other ordinary losses | 22 | | 670 | | 647 |
| **Ordinary loss** | 13,528 | (5.1) | 9,667 | (5.4) | (3,861) |

(Millions of yen)

| | Year ended March 31, 2007 | | Year ended March 31, 2008 | | Increase (decrease) |
|---|---|---|---|---|---|
| | Amount | % | Amount | % | Amount |
| **Extraordinary gains** | 603 | 0.2 | 0 | 0.0 | (603) |
| Gains on disposal of fixed assets | 0 | | - | | (0) |
| Reversal of reserve for possible loan losses | 9 | | 0 | | (9) |
| Other extraordinary gains | 593 | | - | | (593) |
| **Extraordinary losses** | 939 | 0.3 | 21 | 0.0 | (917) |
| Losses on disposal and devaluation of fixed assets | 36 | | 0 | | (35) |
| Provision for reserve for price fluctuations | 29 | | 21 | | (8) |
| Headquarters removal costs | 873 | | - | | (873) |
| **Provision for reserve for policyholder dividends** | 1,373 | 0.5 | 182 | 0.1 | (1,190) |
| **Loss before income taxes** | 15,237 | (5.7) | 9,871 | (5.5) | (5,366) |
| **Current income taxes** | (3,608) | (1.4) | (578) | (0.3) | 3,029 |
| **Deferred income taxes** | (908) | (0.3) | (2,354) | (1.3) | (1,446) |
| **Net loss** | 10,720 | (4.0) | 6,937 | (3.9) | (3,782) |

# Supplementary Materials for the Fiscal Year Ended March 31, 2008

Percentages are rounded to the nearest relevant percentage point.
Therefore, the sums of each percentage do not always amount to 100%.

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## 1. Business Highlights

### (1) Total Policy Amount in Force

(Number: Thousands, 100 Millions of yen, %)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | | Amount | | Number | | Amount | |
| | | Change (%) | | Change (%) | | Change (%) | | Change (%) |
| Individual insurance | 253 | 88.6 | 17,734 | 85.6 | 227 | 89.6 | 15,424 | 87.0 |
| Individual annuities | 105 | 121.2 | 7,499 | 126.1 | 112 | 107.1 | 7,185 | 95.8 |
| Subtotal | 358 | 96.1 | 25,233 | 94.7 | 339 | 94.7 | 22,610 | 89.6 |
| Group insurance | - | - | 10,227 | 67.5 | - | - | 154 | 1.5 |
| Group annuities | - | - | 395 | 89.0 | - | - | 367 | 92.9 |

*Notes:*

*1. Policy amounts for individual annuities are equal to the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced (excluting the amounts for minimum guarantee risks) and the amount of policy reserve for an annuity for which payments have commenced.*

*2. The policy amount in force for group annuities is equal to the amount of outstanding policy reserve.*

### (2) New Policy Amount

(Number: Thousands, 100 Millions of yen)

| Category | Year Ended March 31, 2007 | | | | Year Ended March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number | Amount | | | Number | Amount | | |
| | | | New policies | Increase from conversion | | | New policies | Increase from conversion |
| Individual insurance | 0 | 0 | 0 | - | - | - | - | - |
| Individual annuities | 23 | 1,795 | 1,795 | - | 12 | 933 | 933 | - |
| Subtotal | 23 | 1,795 | 1,795 | - | 12 | 933 | 933 | - |
| Group insurance | - | - | - | | - | - | - | |
| Group annuities | - | - | - | | - | - | - | |

*Notes:*

*1. There is no conversion plan from FY2001.*

*2. The new policy amount for group annuity is equal to the initial premium payment.*

### (3) Annualized Premiums

**1) Policies in force**

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Change (%) | Amount | Change (%) |
| Individual insurance | 28,721 | 87.9 | 25,460 | 88.6 |
| Individual annuities | 63,363 | 152.9 | 73,898 | 116.6 |
| Total | 92,085 | 124.2 | 99,358 | 107.9 |
| 3rd Sector | 6,741 | 87.4 | 6,115 | 90.7 |

**2) New policies**

(Millions of yen, %)

| Category | Year Ended March 31, 2007 | | Year Ended March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Change (%) | Amount | Change (%) |
| Individual insurance | 0 | 0.2 | - | - |
| Individual annuities | 22,990 | 183.3 | 12,739 | 55.4 |
| Total | 22,991 | 176.4 | 12,739 | 55.4 |
| 3rd Sector | 0 | 0.0 | - | - |

*Notes:*

*1. The amounts are calculated by multiplying monthly premiums by 12, and dividing lump-sum payments by the insurance period.*

*2. The Japanese insurance market is legally divided into three major fields: the First Sector, which involves conventional life insurance;the Second Sector, which involves P&C insurance;and the Third Sector, which involves insurance positioned between the two, including medical insurance, cancer insurance, accident insurance, and nursing care insurance.*

### (4) Policy Amount by Dividend Type (Individual Insurance and Annuities)

**1) Policies in force** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Participating | 1,426,030 | 56.5 | 1,244,340 | 55.0 |
| Semi-participating | 300,773 | 11.9 | 265,641 | 11.7 |
| Non-participating | 796,539 | 31.6 | 751,024 | 33.2 |
| Total | 2,523,343 | 100.0 | 2,261,006 | 100.0 |

**2) New policies** (Millions of yen, %)

| Category | Year Ended March 31, 2007 | | Year Ended March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Participating | - | - | - | - |
| Semi-participating | - | - | - | - |
| Non-participating | 179,576 | 100.0 | 93,388 | 100.0 |
| Total | 179,576 | 100.0 | 93,388 | 100.0 |

*Notes: Semi-participating policies only pay dividends related to investment every five years.*

### (5) Average Amount of New Policies and Amount in Force (Individual Insurance) (Thousands of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Average amount of new policies | 12,600 | - |
| Average amount in force | 6,990 | 6,785 |

*Note: There is no conversion plan from FY2001.*

### (6) New Policy Rate (New policy amount / Policy amount in force at the beginning of the fiscal year)

(%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 0.0 | - |
| Individual annuities | 30.2 | 12.5 |
| Subtotal | 6.7 | 3.7 |
| Group insurance | - | - |

*Note: There is no conversion plan from FY2001.*

### (7) Surrender and Lapse Rate

**(Surrender and lapse amount / Policy amount in force at the beginning of the fiscal year)** (%)

| Category | Year Eended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 10.0 | 7.6 |
| Individual annuities | 6.1 | 4.2 |
| Subtotal | 9.1 | 6.6 |
| Group insurance | 0.2 | 0.8 |

### (8) Surrender and Lapse Amount (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Individual insurance | 206,356 | 134,389 |
| Individual annuities | 36,410 | 31,193 |
| Subtotal | 242,766 | 165,582 |
| Group insurance | 3,681 | 7,909 |

### (9) Average Premium Amount of Individual Insurance New Policies (Monthly premium)

(yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Average premium amount | 18,530 | - |

*Note: There is no conversion plan from FY2001.*

## (10) Average Assumed Investment Yield and Negative Spread

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Amount of negative spread | 4,117 | 4,103 |
| Investment yield on core profit | 1.13% | 1.04% |
| Average assumed investment yield | 2.17% | 2.08% |
| Individual insurance and annuities | 2.33% | 2.22% |
| Policy reserve in general account | 396,596 | 394,802 |

*Notes:*

*1. Negative spread is calculated by the following method:*

*Investment yield on core profit - average assumed investment yield) x policy reserves in general accounts*

*2. While investment yield on core profit and average assumed investment yield in the table are annualized as in the notes 3 and 4 hereunder.*

*3. "Investment yield on core profit" is calculated by dividing numerator as investment revenues and expenses (investment profit in general account) included in core profit less amount of provision for accumulated interest due to policyholders by denominator as policy reserve in general account.*

*4. Average assumed investment yield is calculated by dividing numerator as assumed interest (general accounts only) by denominator as policy reserve in general accounts.*

*5. Policy reserve in general accounts represents the earned policy reserve calculated for policy reserve in general accounts less contingency reserve by Hardy method as follows:*

*Hardy method: (Policy reserve at beginning of fiscal year + Policy reserve at end of fiscal year - Assumed interest) x 1/2*

## (11) Mortality Rate for Individual Insurance

(‰)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Rate based on number of policies | 5.21 | 5.97 |
| Rate based on policy amount | 6.44 | 6.95 |

## (12) The Number of Reinsurance Companies Accepting the Company's policies

(Number)

| Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|
| 4 | 4 |

## (13) The Ratio of Reinsurance Premium paying to Top Five Reinsurance Companies to Total Reinsurance Premium Amount

(%)

| Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|
| 100.0 | 100.0 |

## (14) Reinsurance Premium Ratio by Rating Categories

(%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| AAA | 0.0 | 0.0 |
| AA- | 100.0 | 100.0 |

*Note: Rating categories are based on the Insurer Financial Strength Rating Definitions by Standard & Poor's.*

## (15) Reinsurance Recovery Receivable

(Millions of yen)

| Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|
| 0 | 19 |

## (16) Ratio of Insurance Claims to Earned Premium by the Benefit Cause in 3rd Sector Insurance

(%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Occurrence rate in 3rd sector insurance | 32.8 | 38.8 |
| Medical | 30.1 | 31.2 |
| Cancer | 51.9 | 57.1 |
| Nursing care | 1.6 | 3.7 |
| Others | 50.2 | 62.5 |

## (17) Reserve for Outstanding Claims

(Millions of yen)

| Category | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Insurance claims | Death benefits | 1,416 | 1,286 |
| | Accidental death benefits | 48 | 14 |
| | Disability benefits | 577 | 950 |
| | Maturity benefits | 600 | 708 |
| | Others | - | - |
| | Subtotal | 2,643 | 2,960 |
| Annuity payments | | 55 | 64 |
| Insurance benefits | | 670 | 767 |
| Surrender payments | | 1,302 | 1,206 |
| Deferred insurance benefits | | 22 | 33 |
| Total including others | | 5,144 | 5,240 |

## (18) Policy Reserve

(Millions of yen)

| Category | | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|---|
| Policy reserve (excluding contingency reserve) | Individual insurance | | 235,174 | 221,675 |
| | | General accounts | 232,059 | 219,128 |
| | | Separate accounts | 3,115 | 2,547 |
| | Individual annuities | | 735,822 | 731,277 |
| | | General accounts | 124,058 | 144,397 |
| | | Separate accounts | 611,763 | 586,879 |
| | Group insurance | | 235 | 201 |
| | | General accounts | 235 | 201 |
| | | Separate accounts | - | - |
| | Group annuity | | 39,555 | 36,762 |
| | | General accounts | 39,555 | 36,762 |
| | | Separate accounts | - | - |
| | Others | | 769 | 643 |
| | | General accounts | 769 | 643 |
| | | Separate accounts | - | - |
| | Subtotal | | 1,011,557 | 990,560 |
| | | General accounts | 396,678 | 401,133 |
| | | Separate accounts | 614,879 | 589,427 |
| Contingency reserve | Contingency reserve I | | 4,571 | 4,551 |
| | Contingency reserve II | | - | - |
| | Contingency reserve III | | 4,740 | 8,626 |
| | Contingency reserve IV | | - | 409 |
| | Subtotal | | 9,311 | 13,587 |
| Total | | | 1,020,869 | 1,004,147 |
| | General accounts | | 405,990 | 414,720 |
| | Separate accounts | | 614,879 | 589,427 |

*Note: Method of accumulating reserves has been changed from the fiscal year ending March 31, 2008 along with regulation change. 19 million yen of contingency reserve relating to the third sector which were included in "Contingency reserve 1" is now included in "Contingency reserve 4" with 355 million yen of contingency reserve as an object of stress-test.*

## (19) Policy Reserve Calculating Methods and Ratios

| Category | | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|---|
| Calculating methods | Policies subject to standard policy reserve method | Variable annuities | Net level premium reserve method | Net level premium reserve method |
| | | Other insurance | 5-year Zillmer Method (Full-year Zillmer Method is applied to the policies whose effective date are before September 30, 2001.) | 5-year Zillmer Method (Full-year Zillmer Method is applied to the policies whose effective date are before September 30, 2001.) |
| | Policies not subject to standard policy reserve method | Variable annuities | Net level premium reserve method | Net level premium reserve method |
| | | Other insurance | Full-year Zillmer Method | Full-year Zillmer Method |
| Ratio of "Amount of the company's policy reserve (excluding contingency reserve)" to "Policy reserve required by regulatory standards" | | | 99.5% | 99.7% |

*Note:*

*1. Calculating methods and ratios stated above cover individual insurance and annuity policies only. Group insurance and annuity policies have different calculating methods.*

*2.The ratio for policies the standard policy reserve method is indicated in the method laid down in Notice No. 48 from the Ministry of Finance. The ratio for policies not applied the standard policy reserve method is indicated for accumulated reserve for claims and unearned premiums calculated with the net level premium reserve method.*

*3. Policy reserve calculated by Full-year Zillmer Method is increased intentionally on the purpose of method change to net level premium reserve method in the year ended March 31, 2011.*

*4. Additional amount of policy reserve is based on a sufficient liability examination for third sector products from the fiscal year ended March 31, 2008, and the additional amount of policy reserve includes accumulated reserve for claims stated above "Note 2" for the calculation.*

## (20) Policy Reserve for Separate Account Policies with Minimum Gurantee

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Policy reserve (General account) | 12,946 | 33,985 |

## (21) Other Reserves

(Millions of yen)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Increase (decrease) | Amount | Increase (decrease) |
| Reserve for Possible Loan Losses | General reserve | 4 | (9) | 4 | 0 |
| | Specific reserve | 67 | (11) | 65 | (2) |
| Reserve for employees' retirement benefits | | 7,794 | (91) | 7,446 | (347) |
| Reserve for directors' and corporate auditors' retirement benefits | | 152 | 35 | 207 | 54 |
| Reserve for price fluctuations | | 393 | 29 | 414 | 21 |

## (22) Insurance Premium

(Millions of yen)

| Category | | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Individual insurance | | 23,780 | 20,805 |
| | Single premiums | - | - |
| | Annual payment | 2,566 | 2,205 |
| | Semi-annual payment | 373 | 317 |
| | Monthly payment | 20,840 | 18,282 |
| Individual annuities | | 204,069 | 105,154 |
| | Single premiums | 202,518 | 103,759 |
| | Annual payment | 212 | 195 |
| | Semi-annual payment | 20 | 18 |
| | Monthly payment | 1,317 | 1,182 |
| Group insurance | | 3,589 | 1,761 |
| Group annuities | | 3,672 | 3,138 |
| Total including others | | 235,146 | 130,894 |

**(23) Insurance Claims** (Millions of yen)

| Category | Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 10,647 | 7,849 | - | 1,216 | - | - | 0 | 9,065 |
| Accidental death benefits | 105 | 111 | - | - | - | - | - | 111 |
| Disability benefits | 793 | 1,125 | - | 73 | - | - | - | 1,199 |
| Maturity benefits | 9,447 | 9,603 | - | - | - | 106 | - | 9,709 |
| Others | 33 | 33 | - | - | - | - | - | 33 |
| Total | 21,027 | 18,723 | - | 1,289 | - | 106 | 0 | 20,119 |

**(24) Annuity Payments** (Millions of yen)

| Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 5,176 | - | 4,590 | 34 | 1,042 | 52 | - | 5,720 |

**(25) Insurance Benefits** (Millions of yen)

| Category | Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Death benefits | 8,727 | 4 | 10,912 | - | - | 0 | - | 10,917 |
| Hospitalization benefits | 1,353 | 1,249 | 5 | 1 | - | - | 0 | 1,256 |
| Operation benefits | 601 | 623 | 2 | - | - | - | - | 626 |
| Injury benefits | 30 | 97 | - | 0 | - | - | - | 97 |
| Survival benefits | 2,410 | 2,062 | - | - | - | 2 | - | 2,064 |
| Others | 3,562 | 110 | - | - | 3,632 | - | - | 3,743 |
| Total | 16,685 | 4,147 | 10,920 | 1 | 3,632 | 2 | 0 | 18,705 |

**(26) Surrender Payments** (Millions of yen)

| Year Ended March 31, 2007 | Individual insurance | Individual annuities | Group insurance | Group annuities | Workers' asset formation insurance and annuities | Others | Year Ended March 31, 2008 |
|---|---|---|---|---|---|---|---|
| 45,406 | 8,703 | 30,980 | - | 410 | 8 | - | 40,103 |

**(27) Operating Expenses** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Sales activity related expenses | 8,374 | 4,098 |
| Sales administrative expenses | 404 | 210 |
| General administrative expenses | 9,143 | 9,296 |
| Total | 17,921 | 13,605 |

*Note: Selection expenses represent mainly expense for medical examinations at the time of contract.*

**(28) Operating Expense Ratio (Against insurance premiums)** (%)

| Item | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Operating expense ratio | 7.6 | 10.4 |

## 2. Status of General Account Assets

### (1) Investment Performance

For the fiscal year ended March 31, 2008, the Company continued to invest mainly in yen-denominated fixed income assets to earn stable investment income in middle to long term. In addition, the Company uses the derivative transactions to hedge the minimum guarantee risks for individual variable annuities.

As of March 31, 2008, general account assets amounted to ¥458.7 billion, down ¥4.4 billion from the level at the end of the previous fiscal year.

At the end of the fiscal year ended March 31, 2008, the percentages of general account assets in principal categories were as follows: domestic bonds, 78.3% (76.4%, hereinafter, figures in parentheses represent levels at the end of the previous fiscal year); domestic stocks, 0.0% (0.0%); foreign securities, 0.0% (4.9%); other securites, 0.4%(1.0%); and loans, 1.6% (2.2%).

For the fiscal year ended March 31, 2008, net investment income increased by ¥18.4 billion from the previous fiscal year, to ¥19.4 billion. This was mainly due to a ¥15.3 billion of gains from monetary trusts relating to hedging minimum guarantee risks relating to individual variable annuites.

## (2) Asset Composition

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 31,756 | 6.9 | 34,066 | 7.4 |
| Securities repurchased under resale agreements | - | - | - | - |
| Pledged money for bond borrowing transaction | - | - | - | - |
| Monetary claims purchased | - | - | - | - |
| Securities under proprietary accounts | - | - | - | - |
| Monetary trusts | 12,340 | 2.7 | 30,165 | 6.6 |
| Securities | 381,539 | 82.4 | 361,189 | 78.7 |
| Domestic bonds | 353,902 | 76.4 | 359,295 | 78.3 |
| Domestic stocks | 115 | 0.0 | 183 | 0.0 |
| Foreign securities | 22,773 | 4.9 | 65 | 0.0 |
| Foreign bonds | 15,580 | 3.4 | - | - |
| Foreign stocks, etc. | 7,192 | 1.6 | 65 | 0.0 |
| Other securities | 4,747 | 1.0 | 1,644 | 0.4 |
| Loans | 10,259 | 2.2 | 7,277 | 1.6 |
| Property and equipment | 286 | 0.1 | 293 | 0.1 |
| Deferred tax asset | 6,254 | 1.4 | 8,755 | 1.9 |
| Other assets | 20,873 | 4.5 | 17,068 | 3.7 |
| Reserve for possible loan losses | (71) | (0.0) | (69) | (0.0) |
| Total assets | 463,238 | 100.0 | 458,748 | 100.0 |
| Foreign currency denominated assets | 660 | 0.1 | 65 | 0.0 |

*Note: "Property and equipment" shows the total value of buldings and constraction in progress.*

## (3) Changes in the Amount of Assets by Categories

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 1,174 | 2,310 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | - | - |
| Securities under proprietary accounts | - | - |
| Monetary trusts | 4,592 | 17,824 |
| Securities | (16,693) | (20,349) |
| Domestic bonds | 42,116 | 5,392 |
| Domestic stocks | (366) | 68 |
| Foreign securities | (21,834) | (22,707) |
| Foreign bonds | (11,985) | (15,580) |
| Foreign stocks, etc. | (9,848) | (7,126) |
| Other securities | (36,609) | (3,102) |
| Loans | (3,074) | (2,982) |
| Property and equipment | 161 | 7 |
| Deferred tax asset | 1,046 | 2,501 |
| Other assets | (327) | (3,804) |
| Reserve for possible loan losses | 20 | 2 |
| Total assets | (13,099) | (4,490) |
| Foreign currency denominated assets | 1 | (594) |

*Note: "Property and equipment" shows the total value of buldings and constraction in progress.*

## (4) Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 4,396 | 4,158 |
| Interest income from deposits | 0 | 0 |
| Interest income and dividends from securities | 3,990 | 3,651 |
| Interest income from loans | 342 | 288 |
| Income from real estate for rent | - | - |
| Other income from interest and dividends | 62 | 218 |
| Gain on securities under proprietary accounts | - | - |
| Gains from monetary trusts, net | - | 15,324 |
| Gains on investments in trading securities, net | - | - |
| Gains on sale of securities | 1,266 | 277 |
| Gains on sale of domestic bonds | - | 4 |
| Gains on sale of domestic stocks | 1,266 | 260 |
| Gains on sale of foreign securities | - | 12 |
| Other | - | - |
| Gains on redemption of securities | 1 | 14 |
| Gains from derivatives, net | - | - |
| Foreign exchange gains, net | - | 0 |
| Other investment income | 136 | 53 |
| Total | 5,800 | 19,829 |

*Note: The figures of gains and losses from monetary trusts are equal to gains and losses on derivarive transactions for the purpose of hedging minimum guarantee risks relating to individual variable annuities.*

## (5) Investment Expenses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interest expense | 4 | 21 |
| Losses on securities under proprietary accounts | - | - |
| Losses from monetary trusts, net | 3,407 | - |
| Losses on investments in trading securities, net | - | - |
| Losses on sale of securities | 1,302 | 189 |
| Losses on sale of domestic bonds | 1,103 | 189 |
| Losses on sale of domestic stocks | 51 | - |
| Losses on sale of foreign securities | 148 | - |
| Other | - | - |
| Devaluation losses on securities | - | 24 |
| Devaluation losses on domestic bonds | - | - |
| Devaluation losses on domestic stocks | - | 7 |
| Devaluation losses on foreign securities | - | 17 |
| Other | - | - |
| Amortization of securities | 1 | - |
| Losses from derivatives, net | - | - |
| Foreign exchange losses, net | 0 | - |
| Provision for reserve for possible loan losses | - | - |
| Write-off of loans | - | - |
| Depreciation of real estate for rent | - | - |
| Other investment expenses | 50 | 96 |
| Total | 4,766 | 331 |

*Note: The figures of gains and losses from monetary trusts are equal to gains and losses on derivarive transactions for the purpose of hedging minimum guarantee risks relating to individual variable annuities.*

## (6) Net Investment Income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Net investment income | 1,033 | 19,497 |

## (7) Investment Yield by Asset Categories

(%)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Cash and deposits, call loans | 0.14 | 0.44 |
| Securities repurchased under resale agreements | - | - |
| Pledged money for bond borrowing transaction | - | - |
| Monetary claims purchased | - | - |
| Securities under proprietary accounts | - | - |
| Monetary trusts | (28.54) | 107.58 |
| Securities | 1.08 | 1.04 |
| Domestic bonds | 0.91 | 0.93 |
| Domestic stocks | 55.31 | (2.68) |
| Foreign securities | 1.77 | 2.96 |
| Loans | 2.75 | 3.10 |
| Property and equipment | - | - |
| Total general accounts | 0.22 | 4.34 |
| [Excluding monetary trusts] | [0.98] | [0.96] |
| Foreign investments | 0.44 | 2.61 |

## (8) Securities

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Government bonds | 336,216 | 88.1 | 347,032 | 96.1 |
| Municipal bonds | - | - | - | - |
| Corporate bonds | 17,686 | 4.6 | 12,263 | 3.4 |
| Public corporation bonds | 16 | 0.0 | 27 | 0.0 |
| Domestic stocks | 115 | 0.0 | 183 | 0.1 |
| Foreign securities | 22,773 | 6.0 | 65 | 0.0 |
| Foreign bonds | 15,580 | 4.1 | - | - |
| Foreign stocks, etc. | 7,192 | 1.9 | 65 | 0.0 |
| Other securities | 4,747 | 1.2 | 1,644 | 0.5 |
| Total | 381,539 | 100.0 | 361,189 | 100.0 |

## (9) Securities by Contractual Maturity Dates

(Millions of yen)

| Category | As of March 31, 2007 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 128,884 | 76,680 | 62,249 | 8,638 | 6,005 | 53,756 | 336,216 |
| Municipal bonds | - | - | - | - | - | - | - |
| Corporate bonds | - | 673 | 16 | 14,997 | 1,998 | - | 17,686 |
| Domestic stocks | - | - | - | - | - | 115 | 115 |
| Foreign securities | 15,262 | 393 | - | - | - | 7,117 | 22,773 |
| Foreign bonds | 15,234 | 345 | - | - | - | - | 15,580 |
| Foreign stocks, etc. | 27 | 47 | - | - | - | 7,117 | 7,192 |
| Other securities | 26 | 292 | - | 1,985 | 115 | 2,328 | 4,747 |
| Total | 144,173 | 78,040 | 62,266 | 25,621 | 8,120 | 63,317 | 381,539 |

(Millions of yen)

| Category | As of March 31, 2008 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Three Years | Due after Three Years through Five Years | Due after Five Years through Seven Years | Due after Seven Years through Ten Years | Due after Ten Years* | Total |
| Government bonds | 160,545 | 76,146 | 16,625 | 9,159 | 13,194 | 71,361 | 347,032 |
| Municipal bonds | - | - | - | - | - | - | - |
| Corporate bonds | 238 | 4 | 5,021 | 6,999 | - | - | 12,263 |
| Domestic stocks | - | - | - | - | - | 183 | 183 |
| Foreign securities | 46 | 19 | - | - | - | - | 65 |
| Foreign bonds | - | - | - | - | - | - | - |
| Foreign stocks, etc. | 46 | 19 | - | - | - | - | 65 |
| Other securities | 117 | 107 | - | - | - | 1,420 | 1,644 |
| Total | 160,947 | 76,276 | 21,646 | 16,158 | 13,194 | 72,965 | 361,189 |

** Includes securities with maturity dates unfixed.*

## (10) Stock Holdings by Industry

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | Amount | Percentage | Amount | Percentage |
| Fisheries, agriculture and forestry | | - | - | - | - |
| Mining | | - | - | - | - |
| Construction | | 0 | 0.0 | 0 | 0.0 |
| Manufacturing industries | | | | | |
| | Food products | - | - | - | - |
| | Textiles and clothing | - | - | - | - |
| | Pulp and paper | - | - | - | - |
| | Chemicals | - | - | - | - |
| | Medicals | - | - | - | - |
| | Oil and coal products | - | - | - | - |
| | Rubber products | - | - | - | - |
| | Glass and stone products | - | - | - | - |
| | Steel | - | - | - | - |
| | Non-steel metals | - | - | - | - |
| | Metal products | - | - | - | - |
| | Machinery | - | - | - | - |
| | Electric appliances | - | - | - | - |
| | Transportation vehicles | - | - | - | - |
| | Precision machinery | - | - | - | - |
| | Others | - | - | - | - |
| Electric and gas utilities | | - | - | - | - |
| Transportation/ information telecommunications | | | | | |
| | Ground transportation | - | - | - | - |
| | Water transportation | - | - | - | - |
| | Air transportation | 26 | 23.1 | 26 | 14.6 |
| | Warehouses/ transportation | - | - | - | - |
| | Information/ telecommunications | - | - | - | - |
| Commerce | | | | | |
| | Wholesalers | - | - | - | - |
| | Retailers | - | - | - | - |
| Financial services / insurance | | | | | |
| | Banking | - | - | - | - |
| | Securities and commodity futures trading | - | - | - | - |
| | Insurance | - | - | - | - |
| | Other financial services | 12 | 10.8 | 12 | 6.8 |
| Real estate | | 49 | 42.4 | 48 | 26.6 |
| Service companies | | 27 | 23.6 | 95 | 52.0 |
| Total | | 115 | 100.0 | 183 | 100.0 |

*Note: Categories of stock holdings by industry are based on the classification by Securities Identification Code Committee.*

## (11) Loans

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Policy loans | 7,704 | 7,235 |
| Policyholder loans | 6,394 | 5,934 |
| Premium loans | 1,309 | 1,301 |
| Commercial loans | 2,555 | 41 |
| [Loans to non-residents] | [-] | [-] |
| Loans to corporations | 2,500 | - |
| [Loans to domestic corporations] | [2,500] | - |
| Loans to Japanese government, government-related organizations and international organizations | 38 | 26 |
| Loans to Japanese local governments and public entities | 0 | - |
| Mortgage loans | - | - |
| Consumer loans | - | - |
| Others | 16 | 15 |
| Total | 10,259 | 7,277 |

## (12) Loans to Domestic Companies by Company Size

(Millions of yen, %)

| Category | | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|
| | | | Percentage | | Percentage |
| Large corporations | Number of debtors | 1 | 100.0 | - | - |
| | Amount of loans | 2,500 | 100.0 | - | - |
| Medium-sized corporations | Number of debtors | - | - | - | - |
| | Amount of loans | - | - | - | - |
| Small corporations | Number of debtors | - | - | - | - |
| | Amount of loans | - | - | - | - |
| Total | Number of debtors | 1 | 100.0 | - | - |
| | Amount of loans | 2,500 | 100.0 | - | - |

*Notes:*

*1. Corporations are grouped as follows:*

| Business type | (i) All except (ii)-(iv) | | (ii) Retail & restaurants | | (iii) Services | | (iv) Wholesalers | |
|---|---|---|---|---|---|---|---|---|
| Large-sized corporations | With employees more than 300, and | With a capital of 1 billion yen or more | With more than 50 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more | With more than 100 employees, and | With a capital of 1 billion yen or more |
| Medium-sized corporations | | With a capital of more than 300 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 50 million yen and less than 1 billion yen | | With a capital of more than 100 million yen and less than 1 billion yen |
| Small- and medium-sized corporations | With a capital of 300 million yen or less, or regular employees of 300 or less | | With a capital of 50 million yen or less, or regular employees of 50 or less | | With a capital of 50 million yen or less, or regular employees of 100 or less | | With a capital of 100 million yen or less, or regular employees of 100 or less | |

*2. The number of debtors represents those who have an obligation, net of loans to the Company, not the number of loan transactions.*

## (13) Loans by Industry

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Domestic Loans | - | - | - | - |
| Manufacturing Industries | - | - | - | - |
| Food products | - | - | - | - |
| Textiles and clothing | - | - | - | - |
| Timber, wood products, pulp and paper | - | - | - | - |
| Printing | - | - | - | - |
| Chemicals | - | - | - | - |
| Oil and coal | - | - | - | - |
| Ceramic and stone products | - | - | - | - |
| Steel | - | - | - | - |
| Non-steel metals | - | - | - | - |
| Metal products | - | - | - | - |
| Machinery | - | - | - | - |
| Electric appliances | - | - | - | - |
| Transportation vehicles | - | - | - | - |
| Precision machinery | - | - | - | - |
| Others | - | - | - | - |
| Agriculture, forestry, fisheries | - | - | - | - |
| Mining | - | - | - | - |
| Construction | - | - | - | - |
| Utilities | - | - | - | - |
| Information and telecommunications | - | - | - | - |
| Transportation | 10 | 0.4 | 2 | 6.7 |
| Wholesalers | - | - | - | - |
| Retailers | - | - | - | - |
| Financial services/ insurance | 2,520 | 98.6 | 16 | 38.3 |
| Real estate | - | - | - | - |
| Service companies | 8 | 0.3 | 8 | 19.1 |
| Local governments | 0 | 0.0 | - | - |
| Mortgage and consumer and others | 16 | 0.7 | 15 | 35.9 |
| Total | 2,555 | 100.0 | 41 | 100.0 |
| Foreign Loans | | | | |
| Governments, etc. | - | - | - | - |
| Financial institutions | - | - | - | - |
| Commerce and industry companies | - | - | - | - |
| Total | - | - | - | - |
| Total | 2,555 | 100.0 | 41 | 100.0 |

## (14) Foreign Investments

### 1) Investments by asset category

**a. Denominated in foreign currency (yen amount not fixed)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | 580 | 2.4 | - | - |
| Foreign stocks | - | - | - | - |
| Non yen-denominated cash, cash equivalents and other assets | 79 | 0.3 | 65 | 4.4 |
| Total | 660 | 2.7 | 65 | 4.4 |

**b. Denominated in foreign currency (yen amount fixed with forward currency exchange contracts)** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Foreign bonds | - | - | - | - |
| Non yen-denominated cash, cash equivalents and other assets | - | - | - | - |
| Total | - | - | - | - |

**c. Denominated in yen** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Loans to borrowers located outside of Japan | - | - | - | - |
| Foreign bonds | 15,000 | 61.6 | - | - |
| Foreign stocks, etc. | 8,669 | 35.6 | 1,420 | 95.6 |
| Other | 24 | 0.1 | - | - |
| Total | 23,694 | 97.3 | 1,420 | 95.6 |

**d. Total** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Total foreign investments | 24,354 | 100.0 | 1,486 | 100.0 |

### 2) Foreign currency denominated assets by currency

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| U.S. dollar | 660 | 100.0 | 65 | 100.0 |
| Euro | - | - | - | - |
| Others | - | - | - | - |
| Total | 660 | 100.0 | 65 | 100.0 |

### 3) Investments by region

(Millions of yen, %)

| Category | As of March 31, 2007 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | | | | | Loans to borrowers located outside of Japan | |
| | | | Bonds | | Stocks, etc. | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 628 | 2.8 | 580 | 3.7 | 47 | 0.7 | - | - |
| Europe | 2,026 | 8.9 | - | - | 2,026 | 28.2 | - | - |
| Oceania | - | - | - | - | - | - | - | - |
| Asia | - | - | - | - | - | - | - | - |
| Latin America | 20,117 | 88.3 | 15,000 | 96.3 | 5,117 | 71.2 | - | - |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - | - | - |
| International organizations | - | - | - | - | - | - | - | - |
| Total | 22,773 | 100.0 | 15,580 | 100.0 | 7,192 | 100.0 | - | - |

(Millions of yen, %)

| Category | As of March 31, 2008 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Foreign securities | | | | | | Loans to borrowers located outside of Japan | |
| | | | Bonds | | Stocks, etc. | | | |
| | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| North America | 46 | 71.0 | - | - | 46 | 71.0 | - | - |
| Europe | - | - | - | - | - | - | - | - |
| Oceania | - | - | - | - | - | - | - | - |
| Asia | - | - | - | - | - | - | - | - |
| Latin America | 19 | 29.0 | - | - | 19 | 29.0 | - | - |
| Middle East | - | - | - | - | - | - | - | - |
| Africa | - | - | - | - | - | - | - | - |
| International organizations | - | - | - | - | - | - | - | - |
| Total | 65 | 100.0 | - | - | 65 | 100.0 | - | - |

## (15) Fair Value Information on Securities and Others

### 1) Valuation gains (losses) on trading securities

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains (losses) | Current fair value and carrying value | Valuation gains (losses) |
| Trading securities | 12,340 | (2,979) | 30,165 | 16,162 |

*Note: The above table includes securities such as monetary trusts on trading securities.*

## 2) Fair value information on securities (except trading securities)

**a. Securities with market value** (Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Cost/ carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 315,889 | 316,371 | 481 | 1,212 | (731) |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 66,424 | 65,215 | (1,209) | 425 | (1,634) |
| Domestic bonds | 54,549 | 53,013 | (1,536) | 16 | (1,553) |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 7,681 | 7,773 | 91 | 118 | (26) |
| Bonds | 592 | 580 | (11) | - | (11) |
| Stocks, etc. | 7,088 | 7,192 | 103 | 118 | (14) |
| Other securities | 4,194 | 4,429 | 235 | 290 | (55) |
| Monetary claims purchased | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 382,314 | 381,586 | (727) | 1,638 | (2,365) |
| Domestic bonds | 355,439 | 354,391 | (1,047) | 1,229 | (2,276) |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 22,681 | 22,765 | 84 | 118 | (33) |
| Bonds | 15,592 | 15,572 | (19) | - | (19) |
| Stocks, etc. | 7,088 | 7,192 | 103 | 118 | (14) |
| Other securities | 4,194 | 4,429 | 235 | 290 | (55) |
| Monetary claims purchased | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |

*Note: The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Securities and Exchange Law.*

**b. Securities without market value (Carrying value)** (Millions of yen)

| Category | As of March 31, 2007 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Other securities | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | - |
| Available-for-sale securities | 434 |
| Unlisted domestic stocks (excluding over-the-counter stocks) | 115 |
| Unlisted foreign stocks (excluding over-the-counter stocks) | - |
| Unlisted foreign bonds | - |
| Others | 318 |
| Total | 434 |

*Note: Securities included in jointly operated designated monetary trusts are not included herein.*

**a. Securities with market value** (Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Cost/ carrying value before mark-to-market | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Held-to-maturity securities | 270,583 | 273,751 | 3,168 | 3,433 | (265) |
| Policy reserve matching bonds | - | - | - | - | - |
| Stocks of subsidiaries and affiliated companies | - | - | - | - | - |
| Available-for-sale securities | 91,896 | 90,198 | (1,697) | 11 | (1,708) |
| Domestic bonds | 90,331 | 88,712 | (1,619) | 11 | (1,630) |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 70 | 65 | (4) | - | (4) |
| Bonds | - | - | - | - | - |
| Stocks, etc. | 70 | 65 | (4) | - | (4) |
| Other securities | 1,494 | 1,420 | (73) | - | (73) |
| Monetary claims purchased | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 362,479 | 363,950 | 1,470 | 3,444 | (1,974) |
| Domestic bonds | 360,914 | 362,463 | 1,549 | 3,444 | (1,895) |
| Domestic stocks | - | - | - | - | - |
| Foreign securities | 70 | 65 | (4) | - | (4) |
| Bonds | - | - | - | - | - |
| Stocks, etc. | 70 | 65 | (4) | - | (4) |
| Other securities | 1,494 | 1,420 | (73) | - | (73) |
| Monetary claims purchased | - | - | - | - | - |
| Certificates of deposit | - | - | - | - | - |
| Others | - | - | - | - | - |

*Note: The above table includes assets such as certificates of deposits which are permitted to be considered as equivalent to securities defined in the Financial Instruments and Exchange Law.*

**b. Securities without market value (Carrying value)** (Millions of yen)

| Category | As of March 31, 2008 |
|---|---|
| Held-to-maturity securities | - |
| Unlisted foreign bonds | - |
| Others | - |
| Policy reserve matching bonds | - |
| Stocks of subsidiaries and affiliated companies | - |
| Available-for-sale securities | 407 |
| Unlisted domestic stocks (excluding over-the-counter stocks) | 183 |
| Unlisted foreign stocks (excluding over-the-counter stocks) | - |
| Unlisted foreign bonds | - |
| Others | 224 |
| Total | 407 |

**3) Fair value information on monetary trusts** (Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Monetary trusts | 12,340 | 12,340 | - | - | - |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Monetary trusts | 30,165 | 30,165 | - | - | - |

**a. Monetary trusts for investment** (Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Carrying value | Net valuation gains(losses) | Carrying value | Net valuation gains(losses) |
| Monetary trusts for investment | 12,340 | (2,979) | 30,165 | 16,162 |

*Note: Above figures show all of the fair value information on monetary trusts including securities, cash and call loans and others.*

**b. Monetary trusts for held-to-maturity, policy reserve matching securities and others** (Millions of yen)

| Category | As of March 31, 2007 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Monetary trusts for held-to-maturity | - | - | - | - | - |
| Monetary trusts for policy reserve matching | - | - | - | - | - |
| Other monetary trusts | - | - | - | - | - |

(Millions of yen)

| Category | As of March 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Current fair value | Net unrealized gains (losses) | | |
| | | | | Gains | Losses |
| Monetary trusts for held-to-maturity | - | - | - | - | - |
| Monetary trusts for policy reserve matching | - | - | - | - | - |
| Other monetary trusts | - | - | - | - | - |

**4) Fair value information on derivative transactions**

**a. General information**

**i) Types of transaction**

The Company uses the following derivative transactions.

- Currency-related : currency option transactions
- Interest-related : not applicable
- Stock-related : stock index option transactions
- Bond-related : not applicable

**ii) Transaction policy**

The Company uses derivative transactions to hedge minimum guarantee risks (guaranteed minimum death benefit risk, guarantee of minimum annuitization value risk) relating to variable annuities.

**iii) Purpose of use**

In accordance with the transaction policy, derivative transactions are used to hedge against the price fluctuation risks for the underlying assets of separate accounts.

**iv) Risk profile**

Since the derivative transactions in which the Company is engaged are only put option purchases, it is exposed only to limited risks related to derivative transactions. Since it uses these transactions to hedge fluctuations of minimum guarantee risk from market risks (price fluctuation and currency risk) relating to the underlying assets of separate accounts, the risk of derivative transactions is limited further.

The risk of nonperformance by counterparties is also limited, because the Company only conducts transactions through exchanges or carefully selected OTC dealings with partners with high credit ratings.

**v) Risk management**

The policy of hedging minimum guarantee risk relating to variable annuities is stipulated in the Company's internal regulations regarding the execution and monitoring of hedging transactions, and the Company conducts tightly controlled operations in this respect. In the Company's approach to risk management, the front and back offices are separated into the investment section and the clerical and administrative section, which mutually supervise each other. The Total Risk Control Division also ascertains and analyzes all kinds of risks, including derivative transaction risk, and regularly reports to the Board of Directors.

**vi) Supplemental information**

The Company does not apply hedge accounting to derivative transactions for the purpose of hedging minimum guarantee risk relating to variable annuities.

**b. Gains (losses) on derivatives with and without hedge accounting**

**i) Interest-related transations**

The Company held no interest-related derivative instruments as of March 31, 2007 and 2008.

**ii) Currency-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | | Current market or fair value | Valuation gains (losses) |
| | | Over 1 Year | | | | Over 1 Year | | |
| Over-the-counter transactions | | | | | | | | |
| Foreign exchange contracts: | | | | | | | | |
| Sold: | | | | | | | | |
| Call | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Put | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Bought: | | | | | | | | |
| Call | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Put | 35,692 | 32,286 | | | 34,222 | 30,495 | | |
| | [4,472] | [4,338] | [2,170] | [(2,301)] | [4,508] | [4,287] | [3,534] | [(974)] |
| U.S. dollar | 22,103 | 19,976 | | | 20,686 | 18,369 | | |
| | [3,023] | [2,930] | [1,646] | [(1,377)] | [2,971] | [2,818] | [2,643] | [(328)] |
| Euro | 13,589 | 12,309 | | | 13,535 | 12,126 | | |
| | [1,448] | [1,407] | [524] | [(923)] | [1,536] | [1,469] | [891] | [(645)] |
| Total | | | | (2,301) | | | | (974) |

*Note: Parenthesized figures are option premiums.*

**iii) Stock-related transactions** (Millions of yen)

| Category | As of March 31, 2007 | | | | As of March 31, 2008 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contracted value or notional principal amount | | Current market or fair value | Valuation gains (losses) | Contracted value or notional principal amount | | Current market or fair value | Valuation gains (losses) |
| | | Over 1 Year | | | | Over 1 Year | | |
| Over-the-counter transactions | | | | | | | | |
| Stock index options: | | | | | | | | |
| Sold: | | | | | | | | |
| Call | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Put | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Bought: | | | | | | | | |
| Call | - | - | | | - | - | | |
| | [-] | [-] | [-] | [-] | [-] | [-] | [-] | [-] |
| Put | 104,408 | 97,500 | | | 110,044 | 102,932 | | |
| | [12,811] | [12,518] | [7,777] | [(5,034)] | [15,576] | [15,103] | [25,377] | [9,800] |
| Nikkei225 | 96,744 | 89,942 | | | 94,094 | 87,233 | | |
| | [11,447] | [11,159] | [6,585] | [(4,861)] | [12,415] | [11,963] | [20,590] | [8,174] |
| S&P500 | 5,022 | 4,951 | | | 10,356 | 10,187 | | |
| | [822] | [819] | [719] | [(103)] | [1,880] | [1,867] | [3,033] | [1,152] |
| DJES 50 | 2,641 | 2,605 | | | 5,593 | 5,511 | | |
| | [541] | [539] | [472] | [(69)] | [1,280] | [1,271] | [1,753] | [473] |
| Total | | | | (5,034) | | | | 9,800 |

*Note: Parenthesized figures are option premiums.*

**iv) Bond-related transactions**

The Company held no bond-related derivative instruments as of March 31, 2007 and 2008.

**v) Others**

The Company held no other derivative instruments as of March 31, 2007 and 2008.

## 3. Status of Separate Account Assets

### (1) Balance of Separate Account Assets

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Individual variable insurance | 3,127 | 2,568 |
| Individual variable annuities | 615,441 | 588,207 |
| Total | 618,569 | 590,775 |

### (2) Status of Individual Variable Insurance (Separate accounts)

#### 1) Total number of policies and total policy amount in force

(Number:Thousands, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Variable insurance (term life) | 0 | 15 | 0 | 15 |
| Variable insurance (whole life) | 3 | 12,272 | 3 | 11,939 |
| Total | 3 | 12,288 | 3 | 11,954 |

#### 2) Asset composition

(Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 134 | 4.3 | 148 | 5.8 |
| Securities | 2,958 | 94.6 | 2,390 | 93.1 |
| Domestic bonds | 606 | 19.4 | 865 | 33.7 |
| Domestic stocks | 1,797 | 57.5 | 776 | 30.2 |
| Foreign securities | 554 | 17.7 | 748 | 29.1 |
| Foreign bonds | 554 | 17.7 | 304 | 11.8 |
| Foreign stocks, etc. | - | - | 443 | 17.3 |
| Other securities | - | - | - | - |
| Loans | - | - | - | - |
| Other assets | 34 | 1.1 | 30 | 1.2 |
| Reserve for possible loan losses | - | - | - | - |
| Total assets | 3,127 | 100.0 | 2,568 | 100.0 |

#### 3) Net investment income

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 57 | 52 |
| Gains on sale of securities | 30 | 419 |
| Gains on redemption of securities | - | - |
| Valuation gains on securities | 938 | 494 |
| Foreign exchange gains, net | 0 | 0 |
| Gains from derivatives, net | - | - |
| Other investment income | - | - |
| Losses on sale of securities | 2 | 315 |
| Amortization of securities | - | - |
| Devaluation losses on securities | 932 | 1,032 |
| Foreign exchange losses, net | - | - |
| Losses from derivatives, net | - | - |
| Other investment expenses | 0 | 0 |
| Net investment income | 92 | (381) |

*Note: Above net investment income(loss) are stated on the statemnets of operations as an item of the gains(losses) from separate accounts.*

### (3) Status of Individual Variable Annuities (Separate Accounts)

**1) Total number of policies and total policy amount in force** (Number:Thousands, Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Individual variable annuities | 69 | 621,544 | 78 | 596,807 |

**2) Asset composition** (Millions of yen, %)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage |
| Cash and deposits, call loans | 18,758 | 3.0 | 15,912 | 2.7 |
| Securities | 593,039 | 96.4 | 571,274 | 97.1 |
| Domestic bonds | - | - | - | - |
| Domestic stocks | - | - | - | - |
| Foreign securities | 1,496 | 0.2 | 1,201 | 0.2 |
| Foreign bonds | - | - | - | - |
| Foreign stocks, etc. | 1,496 | 0.2 | 1,201 | 0.2 |
| Other securities | 591,542 | 96.1 | 570,073 | 96.9 |
| Loans | - | - | - | - |
| Other assets | 3,643 | 0.6 | 1,019 | 0.2 |
| Reserve for possible loan losses | - | - | - | - |
| Total assets | 615,441 | 100.0 | 588,207 | 100.0 |

**3) Net investment income** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Interests, dividends and income from real estate for rent | 12,682 | 10,221 |
| Gains on sale of securities | - | - |
| Gains on redemption of securities | - | - |
| Valuation gains on securities | 102,525 | 29,382 |
| Foreign exchange gains, net | - | - |
| Gains from derivatives, net | - | - |
| Other investment income | - | - |
| Losses on sale of securities | 6 | 284 |
| Amortization of securities | - | - |
| Devaluation losses on securities | 103,926 | 116,558 |
| Foreign exchange losses, net | - | - |
| Losses from derivatives, net | - | - |
| Other investment expenses | - | - |
| Net investment income | 11,274 | (77,238) |

**4) Fair value information on securities**

**a. Valuation gains (losses) on trading securities**

(Millions of yen)

| Category | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Current fair value and carrying value | Valuation gains(losses) | Current fair value and carrying value | Valuation gains(losses) |
| Trading securities | 593,039 | (1,400) | 571,274 | (87,175) |

*Note: The above table includes securities such as monetary trusts on trading securities.*

**b. Fair value information on monetary trusts**

The company held no monetary trusts as of March 31, 2007 and 2008.

**c. Fair value information on derivative transactions**

**i) Interest-related transactions**

The Company held no interest-related derivative instruments as of March 31, 2007 and 2008.

**ii) Currency-related transactions**

The Company held no currency-related derivative instruments as of March 31, 2007 and 2008.

**iii) Stock-related transactions**

The Company held no stock-related derivative instruments as of March 31, 2007 and 2008.

**iv) Bond-related transactions**

The Company held no bond-related derivative instruments as of March 31, 2007 and 2008.

**v) Others**

The Company held no other derivative instruments as of March 31, 2007 and 2008.

## 4. Reconciliation to Core Profit and Ordinary Profit

**1) Reconciliation to Core Profit** (Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Core Revenues | 264,853 | 171,722 |
| Income from insurance premiums | 240,759 | 134,097 |
| Insurance premiums | 235,146 | 130,894 |
| Ceded reinsurance recoveries | 5,612 | 3,203 |
| Investment income | 15,906 | 4,227 |
| Interest, dividends and income from real estate for rent | 4,396 | 4,158 |
| Gains on redemption of securities | 1 | 14 |
| Other investment income | 136 | 53 |
| Gains on separate accounts, net | 11,372 | - |
| Other ordinary income | 8,188 | 33,397 |
| Income related to withheld insurance claims and other payments for future annuity payments | 7,751 | 9,222 |
| Income due to withheld insurance payments | 335 | 227 |
| Reversal of reserve for outstanding claims | - | - |
| Reversal of policy and other reserves | - | 23,593 |
| Reversal of reserve for employees' retirement benefits | 91 | 347 |
| Other ordinary income | 9 | 7 |
| Other core revenues | - | - |
| Core Expenses | 271,311 | 189,906 |
| Insurance claims and other payments | 99,590 | 95,581 |
| Insurance claims | 21,027 | 20,119 |
| Annuity payments | 5,176 | 5,720 |
| Insurance benefits | 16,685 | 18,705 |
| Surrender payments | 45,406 | 40,103 |
| Other payments | 7,825 | 7,702 |
| Reinsurance payments | 3,470 | 3,229 |
| Provision for policy and other reserves | 150,954 | 101 |
| Investment expenses | 56 | 77,737 |
| Interest expense | 4 | 21 |
| Losses from redemption of securities | 1 | - |
| Provision for reserve for possible loan losses | - | - |
| Depreciation of real estate for rent | - | - |
| Other investment expenses | 50 | 96 |
| Losses on separate accounts, net | - | 77,619 |
| Operating expenses | 17,921 | 13,605 |
| Other ordinary expenses | 2,787 | 2,880 |
| Payments related to withheld insurance claims | 638 | 599 |
| Taxes | 1,530 | 940 |
| Depreciation | 560 | 615 |
| Provision for reserve for employees' retirement benefits | - | - |
| Other ordinary expenses | 57 | 725 |
| Other core expenses | - | - |
| Core Profit | (6,457) | (18,183) |

**2) Reconciliation to Ordinary Profit** (Millions of yen)

| Category | | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Core profit | (A) | (6,457) | (18,183) |
| Capital gains | | 1,266 | 15,602 |
| Gains from monetary trusts, net | | - | *(Note 1)* 15,324 |
| Gains on investments in trading securities, net | | - | - |
| Gains on sale of securities | | 1,266 | 277 |
| Gains from derivatives, net | | - | - |
| Foreign exchange gains, net | | - | 0 |
| Others | | - | - |
| Capital losses | | 4,710 | 213 |
| Losses from monetary trusts, net | | *(Note 1)* 3,407 | - |
| Losses on investments in trading securities, net | | - | - |
| Losses on sale of securities | | 1,302 | 189 |
| Devaluation losses on securities | | - | 24 |
| Losses from derivatives, net | | - | - |
| Foreign exchange losses, net | | 0 | - |
| Others | | - | - |
| Capital gains/losses | (B) | (3,443) | 15,388 |
| Core profit reflecting capital gains / losses | (A+B) | (9,900) | (2,795) |
| Other one-time gains | | 548 | - |
| Ceding reinsurance recoveries | | - | - |
| Reversal of contingency reserves | | - | - |
| Others | | *(Note 2)* 548 | - |
| Other one-time losses | | 4,177 | 6,871 |
| Reinsurance premiums | | - | - |
| Provision for contingency reserve | | 4,177 | 4,275 |
| Provision for specific reserve for possible loan losses | | - | - |
| Provision for specific reserves for loans to refinancing countries | | - | - |
| Write-off of loans | | - | - |
| Others | | - | *(Note 3)* 2,595 |
| Other one-time gains/losses | (C) | (3,628) | (6,871) |
| Ordinary profit | (A+B+C) | (13,528) | (9,667) |

*Notes:*

*1. The figures of gains and losses from monetary trusts are equal to gains and losses on delivative transactions for the purpose of hedging minimum guarantee risks relating to individual variable annuities.*

*2. 'Others' in Other one-time gains above include a 548 million yen of reversal for policy reserve relating to minimum guarantee risks for individual variable annuities contracted prior to March 31, 2004, which were not mandatory in the FSA regulation.*

*3. 'Others' in Other one-time losses above include a 2,288 million yen of provision for policy reserve relating to minimum guarantee risks for individual variable annuities contracted prior to March 31, 2004, which were not mandatory in the FSA regulationd. In addition, they include a 73 millions yen of additional premium reserve relating to third sector products, and a 234 million yen of the provision for policy reserve for the scheduled accumulation to net level premium reserve.*

## 5. Disclosed Claims Based on Insurance Business Law Standard

(Millions of yen, %)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Claims against bankrupt and quasi-bankrupt obligors | 101 | 101 |
| Claims with collection risk | - | - |
| Claims for special attention | - | - |
| Sub-total | 101 | 101 |
| [% of Total] | [ 0.97] | [ 1.37] |
| Claims against normal obligors | 10,345 | 7,350 |
| Total | 10,446 | 7,452 |

*Notes:*

*1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.*

*2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.*

*3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in notes 1 or 2 above.*

*4. Claims against normal obligors are all other loans.*

*5. The amount of policy loans included in total loan amounts above as of March 31, 2008 is 7,347 million yen, including 38 million yen of claims against bankrupt and quasi-bankrupt obligors, and 7,308 million yen of claims against normal obligors.*

## 6. Risk Monitored Loans (Based on Insurance Business Law Guidelines)

(Millions of yen, %)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Loans to bankrupt companies | - | - |
| Past due loans | 37 | 38 |
| Loans over due for three months or more | - | - |
| Restructured loans | - | - |
| Total | 37 | 38 |
| [% of total loans] | [0.37 ] | [0.53 ] |

*Notes:*

*1. Loans to bankrupt companies are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company has stopped accruing interest after determining that collection or repayment of principal or interest is impossible due to a significant delay in payment of principal or interest or for some other reason.*

*2. Past due loans are loans (other than the loans described in note 2 above and the loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting the borrower) on which the Company has stopped accruing interest based on self-assessment.*

*3. Loans over due for three months or more are loans, other than the loans described in notes 1 or 2 above, on which principal and/or interest are in arrears for three months or more.*

*4. Restructured loans are loans, other than the loans described in notes 1, 2 or 3 above, for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting the borrower.*

*5. The total amount of risk monitored loans as of March 31, 2008 are comprehensive policy loans. The all amount of policy loans applicable to risk monitored loans are reserved by the amount of surrender and lapse and others.*

## (Reference) Reserve for Possible Loan Losses

### (1) Reserve for Possible Loan Losses

(Millions of yen)

| Category | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| General reserve for possible loan losses | 4 | 4 |
| Specific reserve for possible loan losses | 67 | 65 |
| Specific reserve for loans to refinancing countries | - | - |
| Total | 71 | 69 |

### (2) Specific Reserve for Possible Loan Losses

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Transfer | 0 | 0 |
| Reversal | 0 | 0 |
| Total | (0) | (0) |

*Note: The amount of reversal indicated above does not include the amount of reversal made for any specific purpose.*

### (3) Specific Reserve for Loans to Refinancing Countries

**a. Specific reserve for loans to refinancing countries**

The Company held no specific reserve for loans to refinancing countries as of March 31, 2007 and 2008.

**b. Loan outstanding by country**

The Company held no loan outstanding by country as of March 31, 2007 and 2008.

### (4) Write-off of Loans

(Millions of yen)

| Category | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|
| Write-off of loans | - | - |

*Note: The amounts of loan write-offs are those representing the portions of the relevant collateralized or guaranteed credits to Bankrupt Debtors and Effectively Bankrupt Debtors that remain unrecoverable, after deduction of the amounts equivalent to those deemed recoverable by way of valuation of collateral or execution of guarantee, and are reduced directly from the relevant aggregate credits.*

## (Reference) Self-Assessment of Loans

Self-assessment of assets means individually reviewing each asset, and categorizing it according to risks in collection or deterioration of the value as an asset, which should provide the basis for adequate write-offs or reservation, and creation of reliable financial statements.

According to their risks in collection or deterioration of the value as an asset, assets are categorized into four classes from Class I - IV. Class I is composed of assets with no problem.

T&D Financial Life has established the internal criteria for self-assessment, and write-offs and reservation, and is carrying out strict self-assessment, and write-offs and reserve.

In the results of self-assessment of loans as of March 31, 2008, the Company deducted all assets categorized Class IV as uncollectible, and calculated the expected losses on each asset in Class III, and added the adequate reserve. Thus, the Company is making efforts to keep soundness of its assets.

**Self-Assessment of Loans**

(Millions of yen)

| Classifications | As of March 31, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|
| | Before write-offs / reservation | After write-offs / reservation | Before write-offs / reservation | After write-offs / reservation |
| Class I | 10,382 | 10,383 | 7,388 | 7,389 |
| Class II | - | - | - | - |
| Class III | - | - | - | - |
| Class IV | 1 | - | 0 | - |
| Total exposures | 10,383 | 10,383 | 7,389 | 7,389 |

*Note: The total exposures include securities lent, guarantee endorsements, interest payable and suspense payments in addition to loans. The interest payable and suspense payments included here are limited to those related to loans and securities lent.*

## 7. Solvency Margin Ratio

(Millions of yen)

| Items | | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|---|
| Total solvency margin | (A) | 71,523 | 68,361 |
| Common stocks, etc. (less certain items) | | 35,048 | 28,110 |
| Reserve for price fluctuations | | 393 | 414 |
| Contingency reserve | | 9,311 | 13,587 |
| Reserve for possible loan losses | | 4 | 4 |
| Net unrealized gains on available-for-sale securities (before tax) (x 90 per cent., if gains; x 100 per cent., if losses) | | (1,209) | (1,697) |
| Net unrealized gains (losses) on real estate (x 85 per cent., if gains; x 100 per cent., if losses) | | - | - |
| Excess amount of policy reserve based on Zillmer method | | 27,585 | 27,851 |
| Brought in capital | | - | - |
| Subordinated debt | | - | - |
| Deductible items | | - | - |
| Others | | 389 | 91 |
| Total risk $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ | (B) | 12,023 | 14,984 |
| Insurance risk | $R_1$ | 2,165 | 1,162 |
| Assumed investment yield risk | $R_2$ | 387 | 368 |
| Investment risk | $R_3$ | 2,005 | 1,441 |
| Business risk | $R_4$ | 407 | 479 |
| Minimum guarantee risk | $R_7$ | 9,020 | 12,610 |
| 3rd sector guarantee risk | $R_8$ | - | 403 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | | 1,189.7% | 912.4% |

*Notes:*

*1. The above ratio is calculated in accordance with Articles 86, 87 of the ministerial ordinance for Insurance Business Law as well as Announcement No. 50 issued by the Ministry of Finance in 1996.*

*2. "Common stock, etc. (less certain items)" represents net assets on the balance sheet less net unrealized gains on securities.*

*3. "Excess amount of policy reserve based on Zillmer method"in Total solvency margin above represents was described as "Excess amount of policy surrender payment" in the fiscal year ended March 31, 2007.*

*4. The figures of "minimum guarantee risk $R_7$" are calculated on the basis of the regulatory standard.*

*5. "3rd sector insurance risk $R_8$" is separated from "insurance risk" since the fiscal year ending March 31, 2008 according to the FSA regulation.*

## 8. Adjusted Net Assets

(Millions of yen)

| Items | As of March 31, 2007 | As of March 31, 2008 |
|---|---|---|
| Adjusted net assets | 63,511 | 63,798 |

May 19, 2008
T&D Financial Life Insurance Company

# Supplementary Data for the Fiscal Year Ended March 31, 2008
# Non-Consolidated Financial Results at Press Conference

## (1) Sales Results

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Six Months Ended September 30, 2007 | | Fiscal Year Ended March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Annualized premiums of new policies | 22,991 | 76.4 | 8,744 | 39.8 | 12,739 | (44.6%) |
| 3rd sector products | 0 | (100.0) | - | (100.0) | - | (100.0%) |
| Annualized premiums of total policies | 92,085 | 24.2 | 98,287 | 26.0 | 99,358 | 7.9% |
| 3rd sector products | 6,741 | (12.6) | 6,394 | (10.8) | 6,115 | (9.3%) |
| Income from insurance premiums | 240,759 | 15.7 | 88,081 | 2.9 | 134,097 | (44.3%) |
| Individual insurance and annuities | 227,849 | 17.2 | 83,079 | 3.3 | 125,960 | (44.7%) |
| Group insurance and annuities | 7,262 | (18.9) | 2,790 | (26.9) | 4,900 | (32.5%) |
| New policy amount | 179,576 | 10.3 | 63,901 | 18.2 | 93,388 | (48.0%) |
| Policy amount in force | 2,523,343 | (5.3) | 2,445,503 | (3.3) | 2,261,006 | (10.4%) |
| Surrender and lapse amount | 242,766 | (42.0) | 89,266 | (35.7) | 165,582 | (31.8%) |
| Surrender and lapse rate | 9.11% | (5.26points) | 3.54% | (1.67points) | 6.56% | (2.55points) |

*Notes:*

*1. New policy amount and policy amount in force include individual insurance and annuities.*

*2. Surrender and lapse amount does not include reinstatement.*

*3. Surrender and lapse rates for the six months ended September 30, 2007 is not annualized.*

*4. Annualized premiums include individual insurance and annuities, and exclude the net increase from conversion.*

## (2) Assets

(Millions of yen, %)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| Total assets | 1,078,447 | 15.4 | 1,113,677 | 16.4 | 1,048,962 | (2.7%) |
| Adjusted net asset | 63,511 | (1.6) | 64,119 | 1.2 | 63,798 | 0.5% |
| Adjusted net asset / General account assets | 13.7 | 0.7 | 14.2 | 5.2 | 13.9 | 1.5 |
| Solvency margin ratio | 1,189.7 | (722.1points) | 1,080.5 | (478.5points) | 912.4 | (277.3points) |

*Note: Adjusted net asset is calculated based on the regulatory standard.*

## (3) Core Profit / Negative Spread / Investment Yield

(Millions of yen, %)

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount |
| Core profit | (6,457) | - | (18,183) | - | (4,000) |

| | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount |
| Negative spread | 4,117 | (189) | 4,103 | (14) | 4,000 |

(%)

| | Fiscal Year Ended March 31, 2007 | Fiscal Year Ended March 31, 2008 | Fiscal Year Ending March 31, 2009 (Forecast) |
|---|---|---|---|
| Investment yield for core profit | 1.13 | 1.04 | approx. 1.0 |
| Investment yield - general account | 0.22 | 4.34 | approx. 0.4 |
| [Excluding monetary trusts] | [0.98] | [0.96] | approx. [0.9] |
| Average assumed investment yield | 2.17 | 2.08 | approx. 2.0 |

## (4) Policy and Other Reserves

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Policy reserve *(Note)* | 1,011,557 | 149,730 | 1,051,732 | 164,217 | 990,560 | (20,997) |
| General account | 396,678 | (8,424) | 391,665 | (8,102) | 401,133 | 4,454 |
| Separate account | 614,879 | 158,154 | 660,066 | 172,319 | 589,427 | (25,451) |
| Reserve for price fluctuations | 393 | 29 | 404 | 19 | 414 | 21 |
| Contingency reserve | 9,311 | 4,177 | 12,111 | 5,615 | 13,587 | 4,275 |
| Contingency reserve I | 4,571 | 1,582 | 4,981 | 1,672 | 4,551 | (19) |
| Contingency reserve II | - | - | - | - | - | - |
| Contingency reserve III | 4,740 | 2,595 | 6,768 | 3,581 | 8,626 | 3,885 |
| Contingency reserve IV | - | - | 361 | 361 | 409 | 409 |
| Contingency reserve fund | - | - | - | - | - | - |
| Price fluctuation reserve fund | - | - | - | - | - | - |

*Note: The amount of policy reserve excludes the amount of contingency reserve.*

## (5) Unrealized Gains / Losses

(Millions of yen)

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | Change | Amount | Change | Amount | Change |
| Securities | (727) | 633 | (919) | (275) | 1,470 | 2,198 |
| Domestic stocks | - | (265) | - | (192) | - | - |
| Domestic bonds | (1,047) | 1,646 | (1,001) | 209 | 1,549 | 2,596 |
| Foreign securities | 84 | 31 | (11) | (1) | (4) | (89) |
| Real estate (domestic land and lease) | - | - | - | - | - | - |

## (6) Investment for the Fiscal Year Ended March 31, 2008

(Millions of yen)

| | Net Increase (decrease) | Forecast for the Fiscal Year Ending March 31, 2009 |
|---|---|---|
| Domestic stocks | 68 | - |
| Domestic bonds | 5,475 | Level-off |
| Foreign stocks | (7,018) | - |
| Foreign bonds | (15,592) | - |
| Real estate | 7 | - |

## (7) Level of Indices where Unrealized Gains/Losses on Assets are Break-even as of March 31, 2008

| | | |
|---|---|---|
| NIKKEI Average | approx. | - |
| TOPIX | approx. | - |
| Yen-denominated bonds | approx. | 1.50% |
| Foreign securities | approx. | 107 Yen |

*Notes:*

*1. These figures are calculated based on asset holdings as of March 31, 2008 assuming that our asset portfolio is the same as those of the NIKKEI average, TOPIX, 10-Year JGB and U.S .dollar / yen rate. Because our portfolio is not necessarily the same as these indices, actual results may differ from above figures.*

*2. The indices for Yen-denominated bonds are calculated on a 10-Year JGB yield basis.*

*3. The indice of Foreign securities is calculated based on a U.S. dollar/yen rate basis. Currency hedged position to which applied hedge accounting rule are excluded in the calculation.*

## (8) Performance Forecasts

(Billions of yen)

| | Fiscal Year Ending March 31, 2009 |
|---|---|
| Income from insurance premiums | 250 |
| Annualized premiums of total policies | 130 |
| Policy amount in force | 2,320 |

*Notes:*

*1. Policy amount in force includes individual insurance and annuities*

*2. The above forecasts for the year ending March 31, 2008 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based of risks and uncertainties that may affect the Company's businesses.*

## (9) Cross Holdings with Domestic Banks as of March 31, 2008

i) Contributions from Domestic Banks

(Millions of yen)

| | Amount |
|---|---|
| Funds | - |
| Subordinated loans and debentures | - |

ii) Contributions to Domestic Banks

(Millions of yen)

| | Amount |
|---|---|
| Bank stocks held | - |
| Subordinated loans and debentures | 11,996 |

## (10) Number of Employees and Agents

| | As of March 31, 2007 | | As of September 30, 2007 | | As of March 31, 2008 | |
|---|---|---|---|---|---|---|
| | Amount | % Change | Amount | % Change | Amount | % Change |
| In-house sales representatives | - | (100.0) | - | - | - | - |
| Administrative personnel | 320 | 7.7 | 328 | 5.5 | 339 | 5.9 |

## (11) Alloted portion of reserve for policyholder dividends as of March 31, 2008

(Millions of yen)

| | Amount | % Change |
|---|---|---|
| Individual insurance | - | (100.0%) |
| Individual annuities | - | (100.0%) |
| Group insurance | 232 | (70.8%) |
| Group annuities | 23 | (16.4%) |

## (12) OTC Sales through Banks

(Millions of yen)

| | | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ended March 31, 2008 | | Total Sales since October 2002 (Lifting of ban on sales of individual annuities) |
|---|---|---|---|---|---|---|
| | | Amount | % Change | Amount | % Change | Amount |
| Variable annuities | Number | 19,010 | 6.5% | 10,840 | (43.0%) | 47,679 |
| | Amount | 147,187 | 27.6% | 81,281 | (44.8%) | 531,162 |
| Fixed annuities | Number | - | - | - | - | - |
| | Amount | - | - | - | - | - |

(Millions of yen)

| | | Total Sales since December 2005 (Lifting of ban on sales of whole life and endowment with single premiums) |
|---|---|---|
| Whole life insurance with single premiums | Number | - |
| | Amount | - |
| Endowment with single premiums | Number | - |
| | Amount | - |

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May 19, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)
Taiyo Life Insurance Company
Katsuro Oishi, President
Daido Life Insurance Company
Haruo Kuramochi, President
T&D Financial Life Insurance Company
Muneo Takeuchi, President

# Disclosure of European Embedded Value as of March 31, 2008

T&D Holdings ("TDH"), Taiyo Life Insurance Company ("Taiyo"), Daido Life Insurance Company ("Daido") and T&D Financial Life Insurance Company ("TDF") (collectively, "the Group") is disclosing the Group's European Embedded Value ("EEV") results as of March 31, 2008.

The embedded value on an EEV basis as of March 31, 2008 is ¥1,621.6 billion, a reduction of ¥450.4 billion from the value as of March 31, 2007. The value of new business issued in fiscal 2007 is ¥62.0 billion, a reduction of ¥22.8 billion from the year before.

**Contents**

**1. Outline of EEV**
**2. EEV results of T&D Life Group**
**3. Movement Analysis**
**4. EEV by Company**
**5. EEV Methodology**
**6. Principal EEV Assumptions**
**7. Sensitivities**
**8. Notes on the Use of the Information**
**9. Third Party Opinion**
**Glossary**

## 1. Outline of EEV

### (1) What is EEV?

Recently the valuation and disclosure of embedded values ("EV") calculated under the EEV Principles have been widely adopted among leading insurance companies in Europe.

The EEV Principles and Guidance were published in May 2004 by the CFO Forum, a group consisting of CFOs from leading European insurance companies. The aim of the EEV Principles and Guidance is to improve the consistency and transparency of the financial reporting of embedded values. Further EEV Guidance was published by the CFO Forum in 2005 which covered sensitivities and aspects of disclosure.

### (2) EEV Approach

The allowance for risk in the shareholder cash flows is a key feature of the EEV Principles. The Group's EEV results have been calculated using a bottom-up market-consistent approach.

A Market-Consistent Embedded Value ("MCEV") is calculated in a manner such that each cash flow is valued consistently with similar traded market instruments. The MCEV approach has been increasingly adopted among leading European insurers.

### (3) Covered Business

The covered business is the life insurance business of the Group (through its three life insurance subsidiaries, Taiyo, Daido and TDF). TDH holds 100% of the shares of the three life insurance subsidiaries.

## 2. EEV results of T&D Life Group

The embedded value on an EEV basis as of March 31, 2008 is ¥1,621.6 billion, a reduction of ¥450.4 billion from the value as of March 31, 2007. The adjusted net worth is ¥1,057.1 billion, a reduction of ¥287.7 billion, which has been caused largely by a reduction in the unrealized gains of securities due mainly to a fall in the equity market prices. The value of in-force business is ¥564.4 billion, a reduction of ¥162.7 billion, which has been caused largely by a reduction in the certainty equivalent present value of future profit due mainly to a fall in the level of interest rates. The value of new business is ¥62.0 billion, a reduction of ¥22.8 billion due mainly to a decline in the volume of new business and a reduction of new business premium rates.

The table below summarizes the Group's EEV results as of March 31, 2008 from the three life insurance companies in the Group. The figures exclude the impact of TDH and the other subsidiaries of TDH.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Embedded value | 1,621.6 | 2,072.1 | (450.4) |
| Adjusted net worth | 1,057.1 | 1,344.8 | (287.7) |
| Value of in-force business | 564.4 | 727.2 | (162.7) |
| Value of new business | 62.0 | 84.8 | (22.8) |

### (1) Adjusted Net Worth

Adjusted net worth represents the market value of assets in excess of policyholder liabilities, represented by statutory reserves, and other liabilities.

Adjusted net worth is the sum of the stated amount in the financial statements and appropriate adjustments for unrealized gains and losses and other items. The adjusted net worth has been derived as follows.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Adjusted net worth | 1,057.1 | 1,344.8 | (287.7) |
| Shareholders equity on the balance sheet *(Note1)* | 456.2 | 437.2 | 19.0 |
| Unrealized gains/losses on securities (after tax) | 289.5 | 687.8 | (398.2) |
| Unrealized gains/losses on loans (after tax) | 49.0 | 24.3 | 24.6 |
| Unrealized gains/losses on land (after tax) | 21.5 | (5.6) | 27.2 |
| General reserves for possible loan losses (after tax) | 1.1 | 1.0 | 0.1 |
| Internal reserves as quasi-equity liabilities *(Note2)* | 240.1 | 201.4 | 38.6 |
| Unrealized gains/losses on subordinated debts (after tax) | (0.5) | (1.3) | 0.7 |

*Notes:*
*1. Excluding unrealized gains/losses*
*2. Price fluctuation reserve, contingency reserve and unallocated amount in policyholders' dividend reserve*

### (2) Value of in-force business

Value of in-force business represents the present value as at the valuation date of future profits distributable to shareholders from the in-force business as of March 31, 2008 and consists of the following components.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Value of in-force business | 564.4 | 727.2 | (162.7) |
| Certainty equivalent present value of future profit | 768.2 | 918.1 | (149.9) |
| Time value of financial options and guarantees | (129.0) | (117.0) | (12.0) |
| Frictional cost of capital | (33.0) | (29.7) | (3.3) |
| Allowance for non financial risk | (41.5) | (44.1) | 2.5 |

The certainty equivalent present value of future profit is the present value of future profit calculated deterministically by assuming the investment yield is equal to the risk-free rate and using the risk-free rate as the discount rate. This value includes the intrinsic cost of the financial options and guarantees present in the Group's products.

The time value of financial options and guarantees is calculated stochastically using a set of market-consistent risk neutral economic scenarios.

The frictional cost of capital represents the double taxation cost associated with maintaining the level of capital which the Group considers as required in continuing the life insurance business.

The allowance for non financial risk is an estimate of the impact of non financial risks which are not adequately allowed for directly in the models, as described further below.

Further explanation of the above components is provided in Section 5 of this document.

**(3) Value of new business**

Value of new business is the value as at the valuation date of the new business issued in the financial year ending March 31, 2008. It has been calculated applying the same assumptions used to calculate the embedded value as of March 31, 2008. It does not include values anticipated from future new business. For conversions, only net increases in value by conversions have been included in the value of new business. The table below shows the results. The figure for adjusted net worth represents the loss arising between the point of sale and March 31, 2008 on business sold in the period.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Value of new business | 62.0 | 84.8 | (22.8) |
| Adjusted net worth | (54.1) | (60.9) | 6.7 |
| Value of in-force business | 116.2 | 145.7 | (29.5) |
| Certainty equivalent present value of future profit | 126.1 | 160.4 | (34.2) |
| Time value of financial options and guarantees | (3.2) | (6.6) | 3.3 |
| Frictional cost of capital | (0.1) | (0.3) | 0.1 |
| Allowance for non financial risk | (6.4) | (7.6) | 1.1 |

The table below shows the new business margin, calculated as the ratio of the value of new business to the present value of new business premiums.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Present value of new business premiums | 1,137.4 | 1,258.2 | (120.8) |
| Value of new business | 62.0 | 84.8 | (22.8) |
| Value of new business/present value of new business premiums | 5.5% | 6.7% | (1.3 points) |

### (4) Reconciliation between Consolidated GAAP accounts and Adjusted Net Worth

A reconciliation between the adjusted net worth of ¥1,057.1 billion and the group consolidated net assets of ¥677.2 billion is shown below.

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Adjusted net worth | 1,057.1 | 1,344.8 | (287.7) |
| - Items classified as liabilities in the accounts (after tax) *(Note1)* | 241.3 | 202.5 | 38.7 |
| - Difference in unrealized capital gains/losses (after tax) *(Note2)* | 160.1 | 72.7 | 87.4 |
| + Net assets not allocated to life insurance business | 21.4 | 20.5 | 0.9 |
| Net assets shown on consolidated balance sheet | 677.2 | 1,090.2 | (413.0) |

*Notes:*

*1. Price fluctuation reserve, contingency reserve, unallocated amount in policyholders' dividend reserve and general reserve for possible loan lossess.*

*2. This is the difference between the unrealized capital gains/losses included in the adjusted net worth of ¥359.5 billion as of March 31, 2008 (¥705.1 billion as of March 31,2007) and the unrealized capital gains/losses shown on the consolidated balance sheet of ¥199.4 billion as of March 31, 2008 (¥632.4 billion as of March 31, 2007).*

## 3. Movement Analysis

The table below shows an analysis of the increase (decrease) in the embedded value during the 12 month period ending March 31, 2008. All components are shown on a post-tax basis.

(Billions of yen)

| | Embedded value | | |
|---|---|---|---|
| | | Adjusted net worth | Value of in-force business |
| EEV as of March 31, 2007 | 2,072.1 | 1,344.8 | 727.2 |
| Dividend payout (Capital movements) | (16.0) | (16.0) | - |
| Operating assumption changes | (31.5) | - | (31.5) |
| Expected return on opening EV | 96.5 | 15.8 | 80.6 |
| Expected transfer from in-force business to adjusted net worth | - | 99.5 | (99.5) |
| Operating experience variances | (19.1) | (13.9) | (5.1) |
| Economic variances | (542.4) | (319.0) | (223.3) |
| New Business | 62.0 | (54.1) | 116.2 |
| Change in EEV | (450.4) | (287.7) | (162.7) |
| EEV as of March 31, 2008 | 1,621.6 | 1,057.1 | 564.4 |

**(1) Dividend Payout (Capital movements)**

This consists of the total shareholders dividend paid by Taiyo, Daido and TDF to T&D Holdings during fiscal 2007, which also corresponds to the shareholders dividend paid by T&D Holdings during fiscal 2007. There are no capital movements related to the Group's life business during fiscal 2007.

**(2) Operating assumption changes**

The impact of operating assumption changes are calculated as at the beginning of the period.

**(3) Expected return on opening EV**

This item consists of the expected change in the opening embedded value over the year (excluding the impact of new business). The expected return on the value of in-force business is the expected increase in the value of in-force business as of March 31, 2007 over the one year period, including changes in cost of financial options and guarantees, frictional cost and allowance for non-financial risk. The expected return on adjusted net worth is the expected return on the adjusted net worth as of March 31, 2007 over the one year period. These calculations are based on real world investment return assumptions (ie allowing for risk premiums) over the period. Note that the projected MCEV in this calculation is based on risk neutral assumptions, and the risk premiums allowed for are only for the one year period.

**(4) Expected transfer from in-force business to adjusted net worth**

This item represents the after-tax surplus expected to emerge during the period from the business that was in-force at the beginning of the period. The effect is a shift of value from the value of in force to the adjusted net worth. This does not affect the total value.

**(5) Operating experience variances**

This is the impact on the embedded value of differences between the actual experience and operating assumptions during the period.

**(6) Economic variances**

This is the impact of differences between the actual investment returns in the period and the expected investment returns, including the impact on the value of future profits from the change to the end of period future economic assumptions. See Section 6(1) for details of economic assumptions.

**(7) New business**

This is the value of new business issued during fiscal 2007. The value is as of March 31, 2008. For details of the approach, please see section 2(3).

## 4. EEV by Company

The table below shows each company's EEV results.

(1) Taiyo Life

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Embedded value | 574.9 | 738.6 | (163.7) |
| Adjusted net worth | 484.7 | 574.9 | (90.2) |
| Shareholders equity on the balance sheet *(Note1)* | 166.3 | 160.8 | 5.4 |
| Unrealized gains/losses on securities (after tax) | 171.9 | 320.0 | (148.0) |
| Unrealized gains/losses on loans (after tax) | 27.4 | 15.6 | 11.8 |
| Unrealized gains/losses on land (after tax) | (0.9) | (16.6) | 15.6 |
| General reserves for possible loan losses (after tax) | 1.0 | 0.9 | 0.1 |
| Internal reserves as quasi-equity liabilities *(Note2)* | 119.4 | 95.5 | 23.9 |
| Unrealized gains/losses on subordinated debts (after tax) | (0.5) | (1.3) | 0.7 |
| Value of in-force business | 90.2 | 163.7 | (73.5) |
| Certainty equivalent value of future profit | 144.1 | 218.0 | (73.8) |
| Time value of financial options and guarantees | (24.6) | (22.4) | (2.2) |
| Frictional cost of capital | (16.7) | (18.0) | 1.3 |
| Allowance for non financial risk | (12.4) | (13.7) | 1.3 |
| Value of new business | 18.2 | 33.4 | (15.1) |
| Adjusted net worth | (16.6) | (19.3) | 2.7 |
| Value of in-force business | 34.9 | 52.8 | (17.8) |
| Certainty equivalent value of future profit | 37.5 | 56.4 | (18.8) |
| Time value of financial options and guarantees | (0.6) | (0.8) | 0.2 |
| Frictional cost of capital | (0.1) | (0.1) | (0.0) |
| Allowance for non financial risk | (1.8) | (2.6) | 0.8 |

*Notes:*
*1. Excluding unrealized gains/losses*
*2. Price fluctuation reserve, contingency reserve and unallocated amount in policyholders' dividend reserve*

(2) Daido Life

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Embedded value | 990.7 | 1,263.0 | (272.2) |
| Adjusted net worth | 532.9 | 728.0 | (195.1) |
| Shareholders equity on the balance sheet *(Note1)* | 261.8 | 241.2 | 20.5 |
| Unrealized gains/losses on securities (after tax) | 116.6 | 368.3 | (251.7) |
| Unrealized gains/losses on loans (after tax) | 20.9 | 8.2 | 12.7 |
| Unrealized gains/losses on land (after tax) | 22.5 | 10.9 | 11.5 |
| General reserves for possible loan losses (after tax) | 0.1 | 0.1 | (0.0) |
| Internal reserves as quasi-equity liabilities *(Note2)* | 110.8 | 99.1 | 11.6 |
| Unrealized gains/losses on subordinated debts (after tax) | - | - | - |
| Value of in-force business | 457.7 | 534.9 | (77.1) |
| Certainty equivalent value of future profit | 599.2 | 660.9 | (61.7) |
| Time value of financial options and guarantees | (97.1) | (85.8) | (11.2) |
| Frictional cost of capital | (15.3) | (10.4) | (4.9) |
| Allowance for non financial risk | (28.9) | (29.7) | 0.7 |
| Value of new business | 46.2 | 55.2 | (9.0) |
| Adjusted net worth | (31.3) | (31.4) | 0.0 |
| Value of in-force business | 77.6 | 86.7 | (9.1) |
| Certainty equivalent value of future profit | 83.4 | 94.2 | (10.7) |
| Time value of financial options and guarantees | (1.4) | (2.9) | 1.4 |
| Frictional cost of capital | 0.1 | 0.2 | (0.1) |
| Allowance for non financial risk | (4.5) | (4.8) | 0.3 |

*Notes:*

*1. Excluding unrealized gains/losses*

*2. Price fluctuation reserve, contingency reserve and unallocated amount in policyholders' dividend reserve*

(3) T&D Financial Life

(Billions of yen)

| | March 31, 2008 | March 31, 2007 | Increase (Decrease) |
|---|---|---|---|
| Embedded value | 56.0 | 70.4 | (14.4) |
| Adjusted net worth | 39.5 | 41.8 | (2.3) |
| Shareholders equity on the balance sheet *(Note1)* | 28.1 | 35.0 | (6.9) |
| Unrealized gains/losses on securities (after tax) | 1.0 | (0.5) | 1.5 |
| Unrealized gains/losses on loans (after tax) | 0.5 | 0.5 | 0.0 |
| Unrealized gains/losses on land (after tax) | - | - | - |
| General reserves for possible loan losses (after tax) | 0.0 | 0.0 | 0.0 |
| Internal reserves as quasi-equity liabilities *(Note2)* | 9.8 | 6.7 | 3.0 |
| Unrealized gains/losses on subordinated debts (after tax) | - | - | - |
| Value of in-force business | 16.4 | 28.5 | (12.1) |
| Certainty equivalent value of future profit | 24.8 | 39.1 | (14.3) |
| Time value of financial options and guarantees | (7.3) | (8.7) | 1.4 |
| Frictional cost of capital | (0.9) | (1.2) | 0.2 |
| Allowance for non financial risk | (0.1) | (0.5) | 0.4 |
| Value of new business | (2.4) | (3.8) | 1.3 |
| Adjusted net worth | (6.1) | (10.0) | 3.9 |
| Value of in-force business | 3.6 | 6.2 | (2.5) |
| Certainty equivalent value of future profit | 5.1 | 9.7 | (4.6) |
| Time value of financial options and guarantees | (1.2) | (2.8) | 1.6 |
| Frictional cost of capital | (0.1) | (0.4) | 0.3 |
| Allowance for non financial risk | (0.0) | (0.1) | 0.0 |

*Notes:*

*1. Excluding unrealized gains/losses*

*2. Price fluctuation reserve, contingency reserve and unallocated amount in policyholders' dividend reserve*

### (4) Movement analysis

(Billions of yen)

| | Taiyo | Daido | TDF |
|---|---|---|---|
| EEV as of March 31, 2007 | 738.6 | 1,263.0 | 70.4 |
| Dividend payout (Capital movements) | (6.1) | (9.9) | - |
| Operating assumption changes | (16.5) | (15.0) | (0.0) |
| Expected return on opening EV | 40.7 | 54.4 | 1.3 |
| Expected transfer from in-force business to adjusted net worth | - | - | - |
| Operating experience variances | (3.2) | (15.5) | (0.2) |
| Economic variances | (196.9) | (332.4) | (13.0) |
| New Business | 18.2 | 46.2 | (2.4) |
| Change in EEV | (163.7) | (272.2) | (14.4) |
| EEV as of March 31, 2008 | 574.9 | 990.7 | 56.0 |

*Note: "Expected transfer from in-force business to adjusted net worth" does not affect the embedded values, and the item has been shown with "-". The amounts of expected transfer (from in-force business to adjusted net worth) are Taiyo ¥21.2 billion, Daido ¥73.3 billion and TDF ¥4.9 billion.*

## 5. EEV Methodology

### (1) Basis of Preparation

The methodology and assumptions adopted by the Group to calculate the EEV results is in accordance with the EEV Principles & Guidance issued by the European CFO Forum in May 2004, with the exception that a look-through basis has not been applied to T&D Asset Management ("TDAM").

The EEV results presented in this document only relate to the covered business. No figures are included for TDH or the other businesses of TDH, such as asset management.

### (2) Covered Business

The covered business represents all of the life insurance business of the Group, through TDH's three wholly owned life insurance subsidiaries, Taiyo, Daido and TDF.

### (3) Embedded value

The embedded value provides an estimate of the value of the shareholders' interest in the covered business, excluding any value that may be generated from future new business. This value comprises the sum of the adjusted net worth and the value of in-force business. The adjusted net worth is the net assets attributable to shareholders, and is represented by the sum of required capital and free surplus. The value of in-force business is the present value of the projected stream of future distributable profits available to shareholders from the existing business at the valuation date, on a best estimate basis allowing for risk, adjusted for the cost of holding required capital.

**(4) Value of new business**

The value of new business is the value of new policies issued during the 12 month period to March 31, 2008. It is calculated in a similar manner to the value of in-force business. The value has been calculated as of March 31, 2008, and the same assumptions as those applied for the valuation of in-force business are used. The value of new business includes the impact of all cash flows arising from the point of sale to March 31, 2008.

Future renewals of the new business policies are included in the value of new business. The value of new business includes the net increase in value arising from conversions. The value arising from the sale of future new business policies is not included.

**(5) Allowance for Risk**

The allowance for risk in the valuation is a key feature of the EEV Principles. The EEV guidance sets out three main areas available to allow for risk:

- The risk discount rate.
- The allowance for the cost of financial options and guarantees.
- The cost of holding both prudential reserves and any additional required capital.

The Group decided to use a market-consistent approach to allow for risk in all three areas. The resulting value is referred to as a Market Consistent Embedded Value ("MCEV").

An MCEV is calculated in a manner such that the valuation is consistent with the valuation of similar cash flow and risk profile in the market based on financial theories.

Under the MCEV approach:
- Assets and liabilities other than policy reserves are valued at market value;
- Investment return assumptions and risk discount rates are set consistently with the market. By so doing, those assumptions can be set more objectively;
- Time value of financial options and guarantees associated with the life insurance business is valued explicitly and consistently with market prices of equivalent traded options.

A market-consistent value has been calculated for each product line by valuing the cash flows in line with the prices of similar cash flows traded on the open market.

In principle, each cash flow is valued using the discount rate consistent with that applied to such a cash flow in the capital markets. For example, an equity cash flow is valued using an equity risk discount rate, and a bond cash flow is valued using a bond risk discount rate. If a higher return is assumed for equities, the equity cash flow is discounted at this higher rate.

In practice, for liabilities where the payouts are either independent or move linearly with market movements, a short-cut method has been applied known as the "certainty equivalent" approach whereby it is assumed all assets earn the risk-free rate and all cash flows are discounted using the risk-free rate. This gives the same result as applying the method in the previous paragraph.

A market-consistent cost of financial options and guarantees and a market-consistent cost of holding required capital have also been calculated.

Further details of the methodology are described in the sub-sections below.

**(6) Adjusted net worth**

Adjusted net worth is calculated by adjusting the total net worth on the company's balance sheet for the following:

- Differences in market value and book value of assets have been reflected (adjusted for tax).
- For retirement benefits, figures from the primary statements, which are calculated on the Japanese ACR 13 basis, have been used without adjustment.
- Certain liabilities that are effectively part of net worth (contingency reserve, price fluctuation reserve, unallocated portion in the policyholders' dividend reserve, and general reserve for possible loan losses) have been added.

**(7) Value of in-force business**

The value of in-force business is calculated as follows:

| | |
|---|---|
| | Certainty equivalent present value of future profit |
| less | Time value of financial options and guarantees |
| less | Frictional cost of capital |
| less | Allowance for non financial risk |

The value of new business is calculated in the same way, but in addition the cash flows arising between the point of sale and March 31, 2008 are allowed for.

**(8) Certainty equivalent present value of future profit**

The certainty equivalent value is the value of the future cash flows, calculated on a deterministic basis, and assuming all assets earn the risk-free rate and all cash flow are discounted at the risk-free rate. The certainty equivalent approach ensures that future investment risk premiums (i.e. excess investment yield over the risk-free rate, expected from risk assets such as equities and corporate bonds) are not capitalized in the embedded value and value of new business.

It reflects the intrinsic value of financial options and guarantees (e.g. policyholder dividends), but the time value of financial options and guarantees is not reflected and is calculated separately.

**(9) Time value of financial options and guarantees**

The time value of financial options and guarantees is calculated as the difference between the average of the values calculated under a set of market-consistent risk neutral stochastic economic scenarios and the value based on a mean scenario (ie. the certainty equivalent value).

The economic scenarios were calibrated to reproduce the market prices of similar traded options. This approach is usually used in the market to value derivatives.

The elements described below have been taken into account in calculating the time value of financial options and guarantees. Some management actions such as changes in asset allocation have not been reflected in the valuation.

*Participating policies*
When investment performance and other experience is good, policyholders' dividends are paid out and shareholders may not receive 100% of the profit. On the other hand, when losses arise, shareholders need to bear the cost of guarantees attached to participating policies.

Policyholders' dividends have been assumed as certain percentages of the profit of the corresponding segment in accordance with each life company's dividend policy, and future dividend rates therefore vary according to the projected circumstances.

*Selective Surrenders*
Policyholders have a variety of options against the company. In this valuation, the risk of selective lapses in the event that interest rates rise has been allowed for.

*Minimum Guarantees on Variable Annuities*
When investment performance is good, policyholders will be entitled to the full amount of the account. On the other hand, when investment performance is poor, shareholders need to bear the cost of guarantees attached to variable annuity policies. These features have been allowed for in the valuation.

**(10) Required Capital**

The EEV Principles define the minimum required capital to be equal to the statutory minimum capital requirement, and also allows companies to use other levels of required capital, such as their own required risk assessment, as long as the minimum requirement is satisfied.

The Group assumed a level of required capital corresponding to a 600% solvency margin ratio. In Japan, the statutory minimum is a 200% solvency margin ratio, and the Group's assumption satisfies the EEV Principles. A breakdown of the adjusted net worth can be given as the required capital, on which the cost of capital is based, of ¥259.7 billion, and free surplus of ¥797.4 billion.

It should be noted that the Japanese solvency regulations allows for implicit items, such as subordinated debt and policy reserves in excess of surrender values. The calculations reflect such implicit items.

Recently, actual solvency margin ratios of domestic life insurers tend to be significantly greater than the Group's assumption of 600%. If the level of required capital were to be set to a solvency margin ratio of 1,000%, the required capital would become ¥880.0 billion and the cost of capital ¥92.6 billion.

The definition of required capital may be reviewed in the future considering international and Japanese developments in this area, including development of international accounting standards and the trend towards the introduction of economic-value-based solvency margin standards.

**(11) Frictional cost of capital**

This item is the cost of having to retain the level of required capital, and within MCEV, it is referred to as "frictional cost".

Within this item, tax on investment returns on required capital has been allowed for. Investment expenses incurred in respect of the assets backing the required capital (another frictional cost) are reflected in the unit cost assumptions.

**(12) Non financial risk**

EEV Principles define the EV to be the present value of distributable profits attributable to shareholders arising from assets allocated to the covered business, calculated taking into account all the risks of the covered business including non financial risks.

According to corporate finance theory, an investor can diversify away the uncertainty around the return on most non-financial risks. So, an allowance for non-financial risk is generally made through the appropriate choice of best estimate experience assumptions relating to risks such as mortality. Provided the best estimate assumptions are set to provide the mean expected financial outcome to shareholders, no further allowance for non-market risk is required. This is true for the majority of T&D's non-financial risks.

Some non-financial risks are correlated with market risk (e.g. policyholder behaviour linked to changes in investment markets). These have been allowed for directly in the cost of financial options and guarantees.

There are some non-financial risks where the existing best estimate experience assumptions do not allow for the impact on embedded value of the full range of potential outcomes. These are typically operational risks and are allowed for in the EEV through the allowance for non-financial risk.

The Group estimated these costs per year based on a simple model, and projected forwards to make an explicit allowance.

## 6. Principal EEV assumptions

### (1) Economic assumptions

In the certainty equivalent calculation, the discount rates and investment yields are the risk-free rates at the valuation date. These risk-free rates have been determined based on swap rates (mid price). The table below shows, for selected terms, the swap rates as of March 31, 2008, which are used for the calculation.

Swap Rates as of March 31, 2008

| 1 year | 2 year | 3 year | 4 year | 5 year |
|---|---|---|---|---|
| 0.915%<br>(0.781%) | 0.898%<br>(0.946%) | 0.939%<br>(1.087%) | 0.988%<br>(1.221%) | 1.043%<br>(1.343%) |
| 10 year | 15 year | 20 year | 25 year | 30 year |
| 1.462%<br>(1.810%) | 1.804%<br>(2.118%) | 2.041%<br>(2.315%) | 2.184%<br>(2.406%) | 2.264%<br>(2.476%) |

*Note: Figures in brackets are those as of March 31, 2007.* *Source: Bloomberg*

For the stochastic calculations, to derive the time value of financial options and guarantees, the asset portfolio of each company is modeled into three asset classes, cash, equities and bonds, and different volatilities are assumed for each asset class.

The economic scenarios have been calibrated to reproduce the market prices of swaptions and equity options. The table below shows a sample of the implied market volatilities for swaptions and equity options as of March 31, 2008.

Implied Market Volatility of Swaptions as of March 31, 2008

| Option Term / Swap Term | 5 years | 10 years | 15 years | 20 years |
|---|---|---|---|---|
| 5 years | 26.1%<br>(22.0%) | 20.0%<br>(17.4%) | 17.4%<br>(16.6%) | 16.1%<br>(15.8%) |
| 10 years | 18.5%<br>(17.3%) | 15.6%<br>(15.7%) | 14.5%<br>(14.9%) | 14.1%<br>(14.5%) |

*Note: Figures in brackets are those as of March 31, 2007.* *Source: Bloomberg*

Implied Market Volatility of Nikkei 225 Option as of March 31, 2008

| Strike Price／Term | 3 years | 4 years | 5 years |
|---|---|---|---|
| 90% | 25.1%<br>(18.3%) | 24.9%<br>(18.8%) | 24.8%<br>(19.2%) |
| 100% | 24.0%<br>(17.9%) | 24.0%<br>(18.5%) | 24.0%<br>(19.0%) |
| 110% | 23.2%<br>(17.8%) | 23.3%<br>(18.4%) | 23.5%<br>(18.8%) |

*Note: Figures in brackets are those as of March 31, 2007.* *Source: Investment Bank*

The expense inflation assumption was taken to be zero.

**(2) Other assumptions**

All cash flows (premium, commission, non-commission expense, death benefit, cash surrender value, tax, etc.) are projected applying the best estimate assumptions up to the termination of the policies, by product, referring to recent experience, trends and the Group's future views. Here, as recent experience, the latest 3 years' mortality, morbidity and lapse and surrender experiences, the last year's expense and corporate tax experiences were particularly referred to.

***Expenses***
Expense assumptions have been set based on the expenses incurred by each of the life companies. Some adjustments were made including the elimination of one-off expenses which are not expected to be regularly repeated in the future. The amount of one-off expenses eliminated is ¥6.9 billion (pre tax), which mainly relates to one-off remuneration and systems costs related to policy administration.

The group has an asset management company, TDAM, which manages assets of the life insurance companies. The look-through basis has not been applied to the profits arising in TDAM relating to managing the assets of the life insurance companies. Therefore the EEV results do not include the capitalised value of these profits.

***Dynamic Assumptions***
Interest-sensitive dynamic lapse assumptions are applied to conventional products. For variable business, dynamic lapse assumptions are related to the ratio of the actual fund value to the level of minimum guarantees.

Dynamic policyholders' dividend assumptions have been made based on each life company's policyholders' dividend policy. Daido and Taiyo set their dividend policies in April 2002 and in April 2003 respectively when they demutualised. TDF, previously Tokyo Mutual which was rehabilitated and acquired by Taiyo and Daido jointly in October 2001 (now held directly by TDH), has a policyholders' special dividend rule as part of its rehabilitation schedule.

## 7. Sensitivities

The impact of changes in assumptions (sensitivities) on the EEV results are summarised below. For each sensitivity, only one specific assumption is changed and other asumptions remain unchanged from the base. It should be noted that the effect of the change of more than one assumption at a time is likely to be different from the sum of two sensitivities with only one assumption change. Under different sensitivity scenarios, the basis for policy reserves (excluding reserves for separate accounts) is unchanged, in line with the Japanese statutory reserving rules. The sensitivity results on the value of new business exclude the impact on the adjusted net worth.

***Sensitivity 1: 0.5% increase in risk-free rate (for all future years)***
Fixed interest assets (bonds, loans, etc.) are revalued according to the change in the interest rate. The value of in-force business is re-calculated according to the change of investment yield and risk discount rate. Policyholder behaviour also changes corresponding to these changes. EEV Guidance requires disclosure of the sensitivity of a 1% increase in risk free rate, but a sensitivity of 0.5% is shown instead considering the low level of interest rates in the Japanese market.

***Sensitivity 2: 0.5% decrease in risk-free rate (for all future years)***
Same as sensitivity 1. However if the risk-free rate becomes negative after the deduction of 0.5%, 0% is applied instead.

***Sensitivity 3: 10% decrease in equity and real estate value as at the valuation date***
Market values of equities and real estate at the valuation date are changed. The impact on the value of new business is not considered.

***Sensitivity 4: 10% decrease in lapse rate***
Base lapse rates are multiplied by 0.9.

***Sensitivity 5: 10% decrease in operating expenses***
This is applied only to operating expenses, leaving other expenses unchanged

***Sensitivity 6: 5% decrease in claim incidence rates for the life business***
Base claim incidence rates (mortality and morbidity) are multiplied by 95%. The possibility of premium rate cuts and any other managerial actions associated with such changes in the claim level are not reflected.

***Sensitivity 7: 5% decrease in mortality for the annuity business***
Base mortality rates are multiplied by 95%.The possibility of premium rate increases and any other managerial actions associated with such changes in the claim level are not reflected.

***Sensitivity 8: Change the required capital to the statutory minimum (200% of solvency margin ratio)***

***Sensitivity 9: Change the required capital to 1,000% of solvency margin ratio***

***Sensitivity 10: 25% increase in volatility***
Base implied volatilities of swaptions and Nikkei 225 options are multiplied by 125%. The volatility assumptions affect cost of options and guarantees.

Sensitivity figures shown below are the difference from the base result.

(Billions of yen)

| | Change in EEV as of March 31, 2008 | Change in Value of New Business for the year ended March 31, 2008 |
|---|---|---|
| *Base Scenario* | *1,621.6* | *62.0* |
| Sensitivity 1: 0.5% increase in risk-free rate | 164.0 | 13.1 |
| Sensitivity 2: 0.5% decrease in risk-free rate | (203.6) | (15.8) |
| Sensitivity 3: 10% decrease in equity and real estate value | (157.0) | - |
| Sensitivity 4: 10% decrease in lapse rate | 59.4 | 9.1 |
| Sensitivity 5: 10% decrease in operating expenses | 41.8 | 3.0 |
| Sensitivity 6: 5% decrease in claim incidence rates for the life business | 76.7 | 5.7 |
| Sensitivity 7: 5% decrease in mortality for the annuity business | (2.8) | 0.0 |
| Sensitivity 8: 200% solvency margin ratio | 33.0 | 0.1 |
| Sensitivity 9: 1,000% solvency margin ratio | (59.6) | (2.8) |
| Sensitivity 10: 25% increase in implied volatility | (50.6) | (0.6) |

**8. Notes on the Use of the Information**

The calculation of EEV results involves certain assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future results might differ materially from the assumptions used in the EEV calculations. Moreover, although EEV is one indicator of the corporate value of a stock life insurance company/group, the actual market value may significantly diverge from the EEV, and investors are advised to be cautious.

## 9. Third Party Opinion

The Group engaged the Tillinghast to review its EEV results and obtained the following opinion.

Tillinghast insurance consulting business of Towers Perrin ("Tillinghast") has reviewed the methodology and assumptions used to determine the embedded value results as of March 31, 2008 for the T&D Life Group. Tillinghast's review covered the embedded value as of March 31, 2008, the value of new business issued in fiscal 2007, the analysis of movement in the embedded value during fiscal 2007 and the sensitivities of the embedded value and new business value to changes in assumptions.

Tillinghast has concluded that the methodology and assumptions used comply with the EEV Principles. In particular:

- The methodology makes allowance for the aggregate risks in the covered business through T&D's market-consistent methodology as described in section 5 of this document;
- The operating assumptions have been set with appropriate regard to past, current and expected future experience;
- The economic assumptions used are internally consistent and consistent with observable market data; and
- For participating business, the assumed policyholders' dividend rates, and the allocation of profit between policyholders and shareholders, are consistent with the projection assumptions, established company practice and local market practice.

The methodology and assumptions also comply with the EEV Guidance, with the disclosed exceptions of the exclusion from the life EEV results of the value of profits arising in T&D's asset management subsidiary relating to managing assets of the life insurance companies, and showing the sensitivity of a 0.5% change in interest rates (rather than 1%).

Tillinghast has also performed checks on the results of the calculations, without however undertaking detailed checks of all the models, processes and calculations involved. On the basis of these checks, Tillinghast is satisfied that the disclosed results have been prepared, in all material respects, in accordance with the methodology and assumptions set out in this disclosure document.

In arriving at these conclusions, Tillinghast has relied on data and information provided by T&D Life Group. This opinion is made solely to T&D Life Group in accordance with the terms of Tillinghast's engagement letter. To the fullest extent permitted by applicable law, Tillinghast does not accept or assume any responsibility, duty of care or liability to anyone other than T&D Life Group for or in connection with its review work, the opinions it has formed, or for any statement set forth in this opinion.

## Glossary

**Allowance for Non Financial Risk:**
An allowance for insurance and operational risks which are not covered by the best estimate assumptions. The EEV Principles require all risks inherent in the covered business to be taken into account, and it is widely seen among European insurers that an explicit allowance for non financial risk is made.

**Best Estimate Assumptions:**
Projection assumptions which represent the most likely outcome of the future and which are set based on past, current and expected future experience.

**Certainty Equivalent Value:**
The present value of future projected cash flow over the life time of the policies assuming the investment returns are risk free and discounted at the risk-free rate.

**Cost of Financial Options and Guarantees:**
Cost of financial options and guarantees consists of intrinsic value and time value.

The intrinsic value quantifies the amount by which the financial options and guarantees are in-the-money. In the calculation of MCEV, this corresponds to the impact on value of the financial options and guarantees in the certainty equivalent scenario.

The time value is calculated as the difference between the present value of the financial options and guarantees on the certainty equivalent scenario and the average of the values calculated with a set of risk neutral scenarios under the MCEV approach. The average of the values calculated with a set of risk neutral scenarios represents the total value of the financial options and guarantees, and by deducting the intrinsic value, the time value is derived.

The financial options and guarantees to be valued on the EEV basis needs to include all important financial options and guarantees inherent in the life insurance business, in accordance with the EEV Principles.

**Deterministic Approach:**
An approach under which a single future scenario is applied in developing a cash flow projection.

**Dynamic Assumptions:**
Projection assumptions which change according to economic and other parameters following certain formulae. Examples include policyholders dividend assumptions linked to investment return and lapse rate linked to the difference between risk-free rate and the guaranteed rate.

**European Embedded Value (EEV):**
An embedded value calculated and disclosed in accordance with the EEV Principles and Guidance published by the CFO Forum, a group consisting of CFOs from leading European insurance companies. The aim of the EEV Principles and Guidance is to improve the consistency and transparency of the EV methodology and disclosure.

EEV publications started in Europe with 2004 reporting, and now over 30 European insurers, including both CFO Forum members and non-members, publish EEV results.

**Free Surplus:**
Part of capital and surplus allocated to the covered business but not required to be maintained.

**Frictional Cost of Capital:**
The cost to maintain a certain level of capital in excess of policy reserves required to continue the life insurance business.

EEV Principles require the level of required capital to be at least the statutory minimum, and allow companies to use other levels such as the internally required level provided that this minimum is met.

MCEV assesses the value of life insurance business for shareholders. In addition to the operational costs of the insurer, shareholders may be subject to other costs of ownership of the business. Such costs to shareholders are referred to as frictional costs.

In the Group's calculations, the tax on investment returns on required capital has been allowed for. Investment expenses in respect of the investment of required capital have been reflected in the unit cost assumptions.

**Market Consistent Embedded Value (MCEV):**
An evaluation of a company's net assets and value of in-force business on a market-consistent basis. For the valuation of in-force business, market values of cash flows arising from assets and liabilities of the in-force business are assessed. The values are determined by referring to the market value of financial instruments traded in the market which have the best match to the cash flow and risk characteristics of the asset or liability being valued.

**Look Through Basis:**
An approach which includes in the EEV results the value of profits and losses arising in service companies within a group from providing services to the life insurance company.

**Present Value of New Business Premiums:**
The present value of premiums projected to be paid in the future from the new business issued in a single year, discounted at the risk-free rate.

**Risk Neutral Scenarios:**
Investment return scenarios used to value assets and liabilities applying a Monte Carlo simulation approach on a market-consistent basis. Risk neutral scenarios are generated applying an arbitrage-free stochastic model based on financial markets data.

**Stochastic Approach:**
An approach to project a range of possible future outcomes applying probability distribution models. In the calculation of the cost of options and guarantees, a set of scenarios are generated based on a probability model and each scenario is applied to project future cash flows.

**Swap Rates:**
The rates at which cash flows based on fixed interest rates and those based on floating rates are exchanged in the market. Typically, swap rates represent fixed interest rates which can be exchanged against standard floating rates, such as LIBOR (London Inter-Bank Offered Rate).

**For inquiries regarding the above, please contact:**
T&D Holdings, Inc. Investor Relations
Tel: +81-3-3434-9142

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

May 30, 2008

Taiyo Life Insurance Company
Katsuro Oishi, President

# The state of investment in securitized products, sub-prime related products and others

Taiyo Life Insurance Company announced that the state of investment in securitized products, sub-prime related products and others as of March 31, 2008, in accordance with a guideline on Financial Stability Forum, as you see the exhibit.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Exhibit

The state of investment in securitized products, sub-prime related products and others

(as of March 31, 2008)

1. Overseas Investments

(i) SPEs

(Billions of yen)

| | | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| SPEs | | - | - | - |
| | ABCP | - | - | - |
| | SIV | - | - | - |
| | Other products | - | - | - |

Note: The above table shows the figures for SPEs to invest in securitized products and others.

(ii) CDO

(Billions of yen)

| | | Rating | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| CDO | | | - | - | - |
| | ABS-CDO | | - | - | - |
| | | AAA | - | - | - |
| | | AA | - | - | - |
| | | A | - | - | - |
| | | BBB and below | - | - | - |
| | CLO | | - | - | - |
| | | AAA | - | - | - |
| | | AA | - | - | - |
| | | A | - | - | - |
| | | BBB and below | - | - | - |
| | CBO | | - | - | - |
| | Other products | | - | - | - |

(iii) Other sub-prime and ALT-A exposure

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Other sub-prime and ALT-A exposure | - | - | - |

## (iv) CMBS

(Billions of yen)

| | Rating | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| CMBS | | - | - | - | - |
| Japan | | - | - | - | - |
| | AAA | - | - | - | - |
| | AA | - | - | - | - |
| | A | - | - | - | - |
| | BBB and below | - | - | - | - |

## (v) Leveraged Finance

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| Leveraged Finance | - | - | - | - |

## (vi) Other products

Hedge Fund:

Funds of hedge funds include hedge funds using strategies to invest in the sub-prime related products. However, the size of those hedge funds is relatively small, thus the impact of sub-prime crisis is so limited.

Fair value of offshore hedge funds amounts to 49.0 billion yen, of which fair value of hedge funds using strategies to invest in the sub-prime related products amounts to about 6.4 billion yen.

2. Domestic Investments

(i) SPEs

(Billions of yen)

| | | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| SPEs | | - | - | - |
| | ABCP | - | - | - |
| | SIV | - | - | - |
| | Other products | - | - | - |

Note: The above table shows the figures for SPEs to invest in securitized products and others.

(ii) CDO

(Billions of yen)

| | | Rating | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| CDO | | | 9.3 | 0.0 | 0.1 |
| | ABS-CDO | | 5.9 | (0.0) | 0.1 |
| | | AAA | 2.9 | (0.0) | 0.0 |
| | | AA | - | - | - |
| | | A | 3.0 | - | 0.0 |
| | | BBB and below | - | - | - |
| | CLO | | 3.4 | 0.0 | 0.0 |
| | | AAA | 3.0 | 0.0 | - |
| | | AA | 0.3 | 0.0 | 0.0 |
| | | A | - | - | - |
| | | AAA | - | - | - |
| | | BBB and below | - | - | - |
| | CBO | | - | - | - |
| | Other products | | - | - | - |

(iii) Other sub-prime and ALT-A exposure

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Other sub-prime and ALT-A exposure | - | - | - |

## (iv) CMBS

(Billions of yen)

| | Rating | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| CMBS | | 12.5 | 9.5 | 0.0 | 0.1 |
| Japan | | 12.5 | 9.5 | 0.0 | 0.1 |
| | AAA | 2.5 | - | 0.0 | 0.0 |
| | AA | 4.9 | 4.4 | 0.0 | 0.0 |
| | A | 5.1 | 5.1 | 0.0 | 0.0 |
| | BBB and below | - | - | - | - |

## (v) Leveraged Finance

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| Leveraged Finance | - | - | - | - |

## (vi) Other products

(Billions of yen)

| | Fair Value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| RMBS | 195.1 | 3.5 | 3.8 |
| AAA | 189.5 | 3.3 | 3.7 |
| Securities issued by Japan Housing Finance Agency | 56.3 | 0.2 | 1.0 |
| AA | 5.1 | 0.1 | 0.1 |
| A | - | - | - |
| BBB | 0.4 | (0.0) | 0.0 |
| BB and below | - | - | - |
| Other products (note) | 87.8 | 0.0 | 2.3 |
| AAA | 2.3 | 0.0 | 0.0 |
| AA | 56.0 | 0.0 | 0.8 |
| A | 11.5 | 0.0 | 0.4 |
| BBB | 2.0 | - | 0.0 |
| None (apartment loans securitized by Taiyo) | 15.9 | - | 0.8 |

Note: Other products include credit card-backed securities, lease-backed securities, consumer loan-backed securities, credit link loans and apartment loans.

Hedge Fund:

In domestic hedge funds, there are no hedge funds using strategies to invest in the sub-prime related products. Fair value of domestic hedge funds amounts to 5.0 billion yen.

Notes: 1. Realized gains/losses include interest, dividends and income from real estate for rent in addition to gains/losses on sales of securities.

2. Rating is based on JCR, R&I, S&P and Moody's. If there is more than one rating, lower rating is showed.

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May 30, 2008

Daido Life Insurance Company
Haruo Kuramochi, President

# The state of investment in securitized products, sub-prime related products and others

Daido Life Insurance Company announced that the state of investment in securitized products, sub-prime related products and others as of March 31, 2008, in accordance with a guideline on Financial Stability Forum, as you see the exhibit.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Exhibit

The state of investment in securitized products, sub-prime related products and others
(as of March 31, 2008)

1. Overseas Investments (foreign-currency-denominated)

(i) SPEs

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| SPEs | - | - | - |
| ABCP | - | - | - |
| SIV | - | - | - |
| Other products | - | - | - |

Note: The above table shows the figures for SPEs to invest in securitized products and others.

(ii) CDO

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| CDO | 4.0 | (1.0) | (0.6) |
| ABS-CDO | - | - | - |
| sub-prime and ALT-A exposure | - | - | - |
| CLO | 4.0 | (1.0) | (0.6) |
| equity | 4.0 | (1.0) | (0.6) |
| CBO | - | - | - |
| Other products | - | - | - |

(iii) Other sub-prime and ALT-A exposure

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Other sub-prime and ALT-A exposure | - | - | - |

(iv) CMBS

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| CMBS | - | - | - | - |

## (v) Leveraged Finance

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| Leveraged Finance | - | - | - | - |

## (vi) Other products

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| ABCP | - | - | - |
| RMBS | - | - | - |
| CDS | - | - | - |
| Other products | - | - | (note) (1.8) |

Note: Other products' realized gains-losses arise from foreign mutual funds mainly investing in securitized products, which have been already terminated.

Offshore hedge funds (foreign-currency-denominated) partly include investments in the sub-prime related products. Total fair value of offshore hedge funds as of March 31, 2008 amounted to 157.8 billion yen.

Total realized gains/losses of offshore hedge funds resulted in a loss of 25.1 billion yen, mainly due to an appreciation of yen, in spite of gains on a foreign-currency basis. Foreign currency risk regarding foreign-currency-denominated assets including hedge funds is hedged comprehensively by foreign exchange contracts. Gains/losses from foreign exchange contracts amounted to 27.1 billion yen (except for foreign-currency-denominated securities to which the hedge accounting is applied).

Hedge Funds are categorized as trading securities, thus changes in fair value of hedge funds are reflected in realized gains/losses. Therefore there are no net unrealized gains/losses.

## 2. Domestic Investments (Yen-denominated)

### (i) SPEs

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| SPEs | - | - | - |
| ABCP | - | - | - |
| SIV | - | - | - |
| Other products | - | - | - |

Note: The above table shows the figures for SPEs to invest in securitized products and others.

### (ii) CDO

(Billions of yen)

| | Rating | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| CDO | | 1.6 | (0.0) | 0.0 |
| ABS-CDO | | - | - | - |
| CLO | | 1.6 | (0.0) | 0.0 |
| Senior | | 1.6 | (0.0) | 0.0 |
| | AAA | 1.6 | (0.0) | 0.0 |
| CBO | | - | - | - |
| Other products | | - | - | - |

### (iii) Other sub-prime and ALT-A exposure

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Other sub-prime and ALT-A exposure | - | - | - |

## (iv) CMBS

(Billions of yen)

| | Rating | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| CMBS | | 47.2 | 52.0 | (0.3) | 1.1 |
| | AAA | 7.6 | 12.2 | (0.0) | 0.1 |
| | AA | 3.7 | 4.6 | (0.0) | 0.0 |
| | A | 12.2 | 16.4 | 0.0 | 0.3 |
| | BBB | 15.1 | 14.1 | (0.2) | 0.4 |
| | BB and below | 7.6 | 3.4 | (0.0) | 0.2 |
| | None | 0.8 | 1.0 | (0.0) | 0.0 |

Note: Backed assets are all domestic real estates (offices, commerce facilities and rental housing). Regarding fair value as of March 31, 2007, redeemed assets are categorized by rating at the time of redemption.

## (v) Leveraged Finance

(Billions of yen)

| | | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| Leveraged Finance | | 30.0 | 13.3 | | 0.9 |
| | Telecommunications | 8.1 | 5.5 | | 0.2 |
| | Information telecommunications | 1.1 | - | | 0.0 |
| | Machinery | 3.8 | 2.0 | | 0.2 |
| | Chemicals | 6.3 | 3.8 | | 0.1 |
| | Other manufacturing industries | 5.5 | - | | 0.1 |
| | Restaurant business | 2.0 | 2.0 | | 0.1 |
| | Banking | 2.9 | - | | 0.0 |

(vi) Other products

(Billions of yen)

| | Rating | | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|---|
| ABCP | | | 47.1 | - | 0.2 |
| | a-1 / J-1 and above | | 47.1 | - | 0.2 |
| RMBS | | | 337.7 | 6.7 | 6.4 |
| | AAA | | 317.8 | 6.0 | 5.9 |
| | | Securities issued by Japan Housing Finance Agency | 191.0 | 1.0 | 3.2 |
| | AA | | 19.8 | 0.6 | 0.5 |
| | A | | - | - | - |
| | BBB and below | | - | - | - |
| CDS | | | - | - | - |
| Other ABS | | | 7.1 | 0.0 | 0.2 |
| | AAA | | 0.7 | (0.0) | 0.0 |
| | AA | | - | - | - |
| | A | | 2.9 | - | 0.0 |
| | BBB | | 2.6 | 0.0 | 0.0 |
| | BB and below | | 0.5 | - | 0.0 |
| | None | | 0.2 | - | 0.0 |

In domestic hedge funds (yen-denominated), there are no hedge funds investing in the sub-prime related products. Total fair value of domestic hedge funds as of March 31, 2008 amounted to 1.9 billion yen, and realized gains/losses resulted in a loss of 0.0 billion yen. Hedge Funds are categorized as trading securities, thus there are no net unrealized gains/losses.

Notes: 1. Realized gains/losses include interest, dividends and income from real estate for rent, and also include gains/losses from assets which have been already sold or redeemed.

2. Rating is based on R&I, JCR, Moody's, S&P and Fitch Ratings. If there is more than one rating, lower rating is applied.

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May 30, 2008

T&D Financial Life Insurance Company
Muneo Takeuchi, President

# The state of investment in securitized products, sub-prime related products and others

T&D Financial Life Insurance Company announced that the state of investment in securitized products, sub-prime related products and others as of March 31, 2008, in accordance with a guideline on Financial Stability Forum, as you see the exhibit.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Exhibit

The state of investment in securitized products, sub-prime related products and others
(as of March 31, 2008)

Domestic Investments

(i) SPEs

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| SPEs | - | - | - |
| ABCP | - | - | - |
| SIV | - | - | - |
| Other products | - | - | - |

(ii) CDO

(Billions of yen)

| | Rating | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| CDO | | 0.2 | (0.0) | 0.0 |
| ABS-CDO | | - | - | - |
| CLO | | 0.2 | (0.0) | 0.0 |
| Senior | | 0.0 | (0.0) | 0.0 |
| | AAA | 0.0 | (0.0) | 0.0 |
| CBO | | - | - | - |
| Other products | | - | - | - |

(iii) Other sub-prime and ALT-A exposure

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Other sub-prime and ALT-A exposure | - | - | - |

(iv) CMBS

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| CMBS | - | - | - | - |

(v) Leveraged Finance

(Billions of yen)

| | Fair value | (ref.) as of March 31, 2007 | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|---|
| Leveraged Finance | - | - | | - |

(vi) Other products

(Billions of yen)

| | Fair value | Net unrealized gains/losses | Realized gains/losses |
|---|---|---|---|
| Hedge Funds | - | - | 0.2 |

Note: There is no balance of hedge funds as of March 31, 2008.

Note: Realized gains/losses include interest, dividends and income from real estate for rent, and also include gains/losses from assets which have been already sold or redeemed.

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OFFICE OF INTERNATIONAL CORPORATE FINANCE

May 19, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)

# Appointment of Substitute Corporate Auditor

T&D Holdings, Inc. has decided to appoint its substitute corporate auditor, as follows.

**Candidate for Substitute Corporate Auditor (Effective as of June 26, 2008)**

| Name | Post | Current Post |
|---|---|---|
| Yoshihiro Fujii | Substitute Corporate Auditor | Professor of Graduate School in Sophia University |

He will be appointed in the ordinary shareholders' meeting held on June 26, 2008.

He is a candidate for an outside corporate auditor as provided in the Japanese Corporate Law.

He will be appointed as a Taiyo Life's corporate auditor in its ordinary shareholder's meeting held on June 24, 2008.

Regarding his biography, please see the attachment.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Biography

| | |
|---|---|
| Name: | Yoshihiro Fujii |
| Date of Birth: | September 20, 1949 |
| Educational Background: | |
| March 1972 | Graduated from Osaka City University, department of economics |
| Personal History: | |
| April 1972 | Entered Nikkei Inc. |
| March 1992 | Assistant Director of Business News Department in Tokyo Office |
| March 1993 | Member of Editorial Board of Business News Department |
| March 1993 | Guest Researcher for University of Oxford |
| April 2006 | Professor of Graduate School of Global Environmental Studies in Sophia University (currently) |
| Concurrent Post: | Guest Researcher for Japanese Center for Economic Research |
| | Director for Institute of Global Environment and Economic Research of Japan |
| | Director for Research Group on International Affairs |
| | Director for the JA Bank Agri-Eco Support Fund |

May 19, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)
Taiyo Life Insurance Company
Katsuro Oishi, President

# Change of Representative Director in Taiyo Life Insurance Company

Taiyo Life Insurance Company, the subsidiary of T&D Holdings, Inc., has decided to change its representative director, as follows.

## 1. Change of Representative Director (Effective as of June 24, 2008)

| Name | New Post | Current Post |
|---|---|---|
| Masahiro Yoshiike | - | Representative Director and Chairman |
| Kenji Nakagome | Representative Director and Senior Managing Executive Officer | Director and Senior Managing Executive Officer |
| Katsuhide Tanaka | Representative Director and Senior Managing Executive Officer | Director and Senior Managing Executive Officer |

Masahiro Yoshiike will retire from Representative Director and Chairman and take up the post as Taiyo Life's Advisor on June 24, 2008.

## 2. Biography of New Representative Director

Please see the attachment.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Biography

| | |
|---|---|
| Name: | Kenji Nakagome |
| Date of Birth: | January 25, 1954 |
| Educational Background: | |
| March 1976 | Graduated from Yokohama City University, department of commerce |
| Personal History: | |
| April 1976 | Entered Taiyo Life |
| October 1987 | General Manager of Ichikawa Branch |
| July 1989 | General Manager of Utsunomiya Branch |
| July 1994 | General Manager of Osaka West Branch |
| April 1999 | General Manager of General Planning Department |
| March 2001 | General Manager of General Affairs Department |
| July 2001 | Director and General Manager of General Affairs Department |
| August 2002 | Director and General Manager of Personnel Department |
| June 2003 | Managing Director and General Manager of Personnel Department |
| November 2003 | Managing Director |
| April 2004 | Managing Director of T&D Holdings |
| June 2006 | Director and Managing Executive Officer of Taiyo Life |
| June 2006 | Director and Managing Executive Officer of T&D Holdings |
| April 2007 | Director and Senior Managing Executive Officer of Taiyo Life (currently) |
| April 2007 | Director and Senior Managing Executive Officer of T&D Holdings (currently) |

Biography

| | |
|---|---|
| Name: | Katsuhide Tanaka |
| Date of Birth: | July 20, 1954 |
| Educational Background: | |
| March 1977 | Graduated from Keio University, department of economics |
| Personal History: | |
| April 1977 | Entered Taiyo Life |
| August 1987 | General Manager of Tokushima Branch |
| September 1988 | General Manager of Fukuoka East Branch |
| July 1991 | General Manager of Kobe Branch |
| April 1994 | General Manager of Shimonoseki Branch |
| April 1996 | General Manager of Atsuta Branch |
| July 1997 | General Manager of Omiya Branch |
| July 1999 | General Manager of Marketing Department |
| October 1999 | General Manager of Market Planning Department |
| March 2000 | General Manager of Policy Administration Department |
| September 2000 | General Manager of Policy Service Department |
| July 2001 | Director and General Manager of Policy Service Department |
| September 2003 | Director and General Manager of Customer Service Department |
| January 2004 | Director |
| March 2004 | Managing Director |
| June 2006 | Director and Managing Executive Officer |
| April 2007 | Director and Senior Managing Executive Officer |
| May 2007 | Director and Senior Managing Executive Officer and General Manager of Customer Service Headquarters |
| February 2008 | Director and Senior Managing Executive Officer and General Manager of Marketing Headquarters (currently) |

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May 19, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)
T&D Financial Life Insurance Company
Muneo Takeuchi, President

## Change of Representative Director in T&D Financial Life Insurance Company

T&D Financial Life Insurance Company, the subsidiary of T&D Holdings, Inc., has decided to change its representative director, as follows.

### 1. Change of Representative Director (Effective as of June 24, 2008)

| Name | New Post | Current Post |
|---|---|---|
| Sonosuke Usui | Representative Director and Senior Managing Executive Officer | Senior Managing Executive Officer |

In accordance with this change, T&D Financial Life Insurance Company will increase the number of representative directors from one person (Muneo Takeuchi, President) to two.

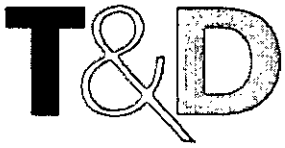
### 2. Biography of New Representative Director

Please see the attachment.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

Biography

| | |
|---|---|
| Name: | Sonosuke Usui |
| Date of Birth: | November 15, 1953 |
| Educational Background: | |
| March 1976 | Graduated from Waseda University, department of commerce |
| Personal History: | |
| April 1976 | Entered Daido Life |
| July 2000 | Director of Daido Life |
| July 2001 | Representative Director and President of T&D Taiyo Daido Asset Management (T&D Asset Management currently) |
| April 2004 | Director of T&D Holdings |
| April 2005 | Managing Director of T&D Holdings |
| June 2006 | Outside Director of T&D Financial Life |
| | Director and Managing Executive Officer of T&D Holdings |
| April 2007 | Managing Executive Officer of Daido Life |
| June 2007 | Director and Managing Executive Officer of Daido Life |
| April 2008 | Senior Managing Executive Officer of T&D Financial Life (currently) |



T&D Life Group

April 11, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)

# Devaluation Losses on Securities and Decrease of Net Unrealized Gains on Securities at the End of the Fiscal Year Ended March 31, 2008

T&D Holdings announced today that the amounts of its devaluation losses on securities and net unrealized gains on securities at the end of the fiscal year ended March 31, 2008 are estimated to be as shown below.

**1. Devaluation Losses on Securities (Consolidated basis)**

| | |
|---|---|
| (A) Total Amount of Devaluation Losses on Securities at the End of the Fiscal Year Ended March 31, 2008 | 27.1 billion yen |
| (B) Net Assets for the Fiscal Year Ended March 31, 2007<br>(A) / (B) x 100 | 1,090.2 billion yen<br>2.5 % |
| (C) Ordinary Profit for the Fiscal Year Ended March 31, 2007<br>(A) / (C) x 100 | 158.1 billion yen<br>17.1 % |
| (D) Net Income for the Fiscal Year Ended March 31, 2007<br>(A) / (D) x 100 | 38.7 billion yen<br>70.0 % |

(Note)
Total amount of devaluation losses on securities at the end of the fiscal year ended March 31, 2008 (A, in the table) is estimated as of April 11, 2008. In accordance with the T&D Life Group's policy of enhancing the quality of its assets, the group companies apply the standards that devaluation losses on available-for-sale securities with fair value, such as domestic and foreign stocks, should be calculated when the decline of their fair value is 30% or more of the book value.

**2. Decrease of Net Unrealized Gains on Securities (Consolidated basis)**

| | |
|---|---|
| (E) Total Amount of Net Unrealized Gains on Securities at the End of the Fiscal Year Ended March 31, 2008 | 247.0 billion yen |
| (F) Total Amount of Net Unrealized Gains on Securities at the End of the Fiscal Year Ended March 31, 2007 | 680.4 billion yen |
| (G) Total Amount of Decrease of Net Unrealized Gains on Securities at the End of the Fiscal Year Ended March 31, 2008 (E) -(F) | 433.4 billion yen |
| (H) Net Assets for the Fiscal Year Ended March 31, 2007<br>(G) / (H) x 100 | 1,090.2 billion yen<br>39.7 % |

(Note)
Total amount of net unrealized gains on securities at the end of the fiscal year ended March 31, 2008 (E, in the table) is estimated as of April 11, 2008.

### 3. Forecasts

We are now calculating the financial results for the fiscal year ended March 31, 2008. Should the change to the earnings forecasts, as announced on May 17, 2007, become necessary, it will be promptly addressed.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142

T&D Life Group

February 26, 2008

T&D Holdings, Inc.
Naoteru Miyato, President
(Security Code: 8795)
Daido Life Insurance Company
Haruo Kuramochi, President

# Change of Representative Director in Daido Life Insurance Company

Daido Life Insurance Company, the subsidiary of T&D Holdings, Inc., has decided to change its representative director, as follows.

## 1. Change of Representative Director (Effective as of April 1, 2008)

| Name | New Post | Current Post |
|---|---|---|
| Kazuki Nakamoto | Representative Director and Senior Managing Executive Officer | Director and Senior Managing Executive Officer |
| Takashi Saito | Director (part time) | Exective Vice President and Representative Director |

## 2. Biography of New Representative Director

Please see the attachment.

**For inquiries regarding the above, please contact:**
Investor Relations, T&D Holdings, Inc.
Tel: +81-3-3434-9142
E-mail: ir.request@td-holdings.co.jp

Biography

| | |
|---|---|
| Name: | Kazuki Nakamoto |
| Date of Birth: | January 11, 1952 |
| Educational Background: | |
| March 1976 | Graduated from Osaka University, department of science |
| Personal History: | |
| April 1976 | Entered Daido Life |
| September 1996 | General Manager of Investment Planning Department |
| July 1998 | Director |
| March 2001 | Managing Director |
| June 2006 | Director and Managing Executive Officer |
| April 2007 | Director and Senior Managing Executive Officer (currently) |

File No. 82-34783

# BRIEF DESCRIPTION OF JAPANESE LANGUAGE DOCUMENTS

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Annual Securities Report

The Annual Securities Report for the 4th fiscal year (from April 1, 2007 through March 31, 2008) prepared in accordance with paragraph 1 of Article 24 of the Financial Instruments and Exchange Law was filed with the Director of the Kanto Local Finance Bureau through EDINET (Electronic Disclosure for Investors' Network) on June 26, 2008 and sets forth the following information:

**PART ONE CORPORATE INFORMATION**

I. Outline of the company
   1. Changes in principal indicators of business operations, etc.
   2. Brief history of the company
   3. Substance of business
   4. Related companies
   5. Employees

II. Business operations
   1. Summary of results of operations, etc.
   2. State of underwriting and asset management
   3. Material business issues to be dealt with
   4. Risks of business operations, etc.
   5. Contracts material to operation of business
   6. Research and development activities
   7. Analysis of financial position and results of operations

III. Conditions of facilities
   1. Outline of capital expenditures, etc.
   2. Conditions of principal facilities
   3. Plans for establishment, disposal, etc. of facilities

IV. State of the company
   1. Information concerning shares, etc.
   2. Acquisition, etc. of treasury stock
   3. Dividend policy
   4. Changes in share price
   5. Officers
   6. Corporate governance

V. Financial condition
   1. Consolidated financial statements, etc.
   2. Non-consolidated financial statements, etc.

VI. Outline of share handling matters

VII. Information for reference
   1. Information of the parent company

2. Other information

**PART TWO INFORMATION ON THE GUARANTOR, ETC.** (not applicable)

Audit Reports

The annual securities report is available for public inspection through EDINET and at the Tokyo Stock Exchange, Inc. and the Osaka Securities Exchange Co., Ltd. for a certain period.



END