
Financial Results for the Year Ended March 31, 2007

Nippon Life Insurance Company (President: Kunie Okamoto) announces financial results for the year ended March 31, 2007.

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Attached : Supplementary Materials for the Fiscal Year Ended March 31, 2007

The financial results of the Nippon Life Insurance Company (hereinafter "the Company") for the fiscal year ended March 31, 2007 will be submitted to the 60th annual representative policyholders' meeting for resolution on July 3, 2007. Summaries of the financial results are as follows:

1. Business Highlights

(1) Amount of Policies in Force and New Policies

Policies in Force

	As of March 31, 2006				As of March 31, 2007			
	Number of policies		Amount of policies		Number of policies		Amount of policies	
	(thousands)	Change from March 31, 2005 (%)	(100 million yen)	Change from March 31, 2005 (%)	(thousands)	Change from March 31, 2006 (%)	(100 million yen)	Change from March 31, 2006 (%)
Individual insurance	13,411	96.8	2,376,179	94.9	12,962	96.7	2,229,606	93.8
Individual annuity	2,547	102.3	164,553	103.0	2,640	103.6	169,655	103.1
Group insurance	—	—	835,187	102.0	—	—	843,969	101.1
Group annuity	—	—	88,000	100.0	—	—	90,292	102.6

- Notes: 1. The amount of individual annuities is the total of (a) annuity underlyings at the beginning of annuity payments for policies bound prior to the start of annuity payments, and (b) policy reserves for policies bound after the start of annuity payments.
2. The amount of group annuity is the amount of the policy reserve.

New Policies

	As of March 31, 2006				As of March 31, 2007			
	Number of policies (thousands)	(100 million yen)	Amount of policies		Number of policies (thousands)	(100 million yen)	Amount of policies	
			New policies	Net increase by conversion			New policies	Net increase by conversion
Individual insurance	1,193	140,936	137,024	3,911	1,037	101,402	105,056	-3,654
Individual annuity	149	12,542	12,489	52	193	13,092	13,187	-94
Group insurance	—	16,422	16,422		—	12,948	12,948	
Group annuity	—	9	9		—	10	10	

- Notes: 1. The number of policies includes policies that were converted into new policies.
2. The amount of new policies and net increase in policies by conversion for individual annuity represents annuity underlyings at the beginning of annuity payments.
3. The amount of new policies for group annuity represents the first premium.

(2) Annualized Net Premium of Individual Insurances and Individual Annuities

(Policies in Force)

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
	As of March 31, 2006	Change from March 31, 2005 (%)	As of March 31, 2007	Change from March 31, 2006 (%)
Individual insurance	27,224	97.8	26,648	97.9
Individual annuity	5,797	105.9	6,139	105.9
Total	33,022	99.2	32,788	99.3
Medical coverages and living benefits	5,619	102.4	5,650	100.5

(New Policies)

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
	As of March 31, 2006	Change from March 31, 2005 (%)	As of March 31, 2007	Change from March 31, 2006 (%)
Individual insurance	2,178	104.4	2,081	95.5
Individual annuity	547	114.5	645	117.8
Total	2,726	106.3	2,726	100.0
Medical coverages and living benefits	596	120.0	502	84.2

- Notes: 1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment: amount is premium divided by the insured period).
2. The medical coverages and living benefits represent annualized premium related to medical benefits (hospitalization benefits, surgical benefits), living benefits (specified illness benefits, nursing care benefits) and payer benefits (excludes benefits with disability as a reason; includes benefits with specified illness and nursing care as a reason).
3. New policies figures include addition of net increase due to conversion.

(3) Major Profit and Loss Items

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
		Change from March 31, 2005 (%)		Change from March 31, 2006 (%)
Premium and other income	48,422	100.3	48,543	100.2
Investment income	16,777	130.2	14,097	84.0
Benefits and Claims	44,423	95.6	38,311	86.2
Investment expense	2,917	138.4	2,963	101.6
Operating income	4,437	124.2	3,306	74.5

(4) Distribution of Surplus

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
		Change from March 31, 2005 (%)		Change from March 31, 2006(%)
Current year unappropriated surplus	2,368	116.1	2,926	123.6
Reserve for dividends to employees	1,799	122.4	2,396	133.2
Net surplus after deduction	577	93.9	590	102.3

(5) Total Assets

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
		Change from March 31, 2005 (%)		Change from March 31, 2006(%)
Total assets	505,425	108.6	518,419	102.6

2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2007

(1) Investment environment

The Japanese economy in fiscal 2006 continued to recover gradually due to the healthy movement of corporate earnings and steady consumer spending owing to a moderate rise of employee income.

- The Nikkei average temporarily dropped significantly because of reaction to last fiscal year's large increase and concerns over declining business results due to the high price of crude oil, but rising expectations of improved business results and other factors helped to increase the average to ¥17,287 at the end of the fiscal year.
- The yield rate on 10-year government bonds rose to about 2.0% at one point owing to higher opinion of a rate-hike, and in July the Bank of Japan decided not to continue the zero interest policy. Subsequently, due to concerns over a slowdown of the US economy and a downward trend in economic and price indicators within Japan, the rate decreased to 1.65% at the end of the fiscal year.
- The dollar was sold after concerns were expressed at the G7 in April over external imbalance. In May, the yen appreciated at one point to around ¥110 against the dollar. With continuing low interest rates in Japan and the gap between international interest rates, the yen devalued to ¥118.05 at the end of the fiscal year. Due to the continuing rate increase policy of the European Central Bank, the euro appreciated against the yen, reaching ¥157.33 by the end of the fiscal year.

(2) Investment summary

By the end of fiscal year 2006, our general account assets increased by ¥1,354.6 billion compared to the end of fiscal year 2005, reaching ¥49,562.6 billion (2.8% increase compared to the previous fiscal year). We continued to mainly invest in yen-based interest assets that provide stable interest income. From the perspective of improving profits in the mid-to-long term, we shuffled our portfolio for domestic stocks and foreign securities and increased our foreign bonds.

We increased our balance of domestic bonds as an asset that provides stable interest revenue, and we invested in assets such as ABS that provide credit spread. While interest rates were rising, we shifted from low-return bonds to high-return long-term bonds.

Given our focus on the medium-to-long term perspective, we managed domestic stock investment based on the overall state of returns to investors including corporate profitability and dividends.

Regarding foreign bonds, we paid careful attention to internal/external rate differences and currency exchange risks, and we increased our balance of foreign securities when the yen appreciated.

Although we increased prime lending, our loan balance has decreased because of a continuing trend of collections exceeding new lending.

(3) Investment results

Interest and dividend income rose from domestic and foreign bond interest and domestic stock dividends, causing asset management related income to increase to ¥1,328.2 billion (¥1,289.7 billion in fiscal year 2005).

Asset management related costs were ¥296.3 billion, an increase compared to last fiscal year, due to rising costs of exchange rate hedging from wider gaps between international interest rates, and also due to higher cost of financial derivatives (¥291.7 billion in fiscal year 2005).

As a result, our asset management result increased by ¥33.8 billion versus fiscal year 2005, reaching ¥1,031.8 billion.

(4) Managing investment risk

Investment risk, which can be categorized into market risk, credit risk, and real estate investment risk, refer to a variety of risks associated with investment activities. Because life insurance is a long-term contract, risk management from a long-term perspective is necessary in our asset management. We have established an Investment Risk Management Dept., within our Risk Management Dept., to comprehensively manage investment risk, thereby preparing a rigorous system to manage risk and pursue stable returns while keeping losses within a permissible range.

a. Market risk

Market risk refers to the risk of losses incurred when the market value of assets in investment declines due to such factors as fluctuations in interest rates, stock prices, or exchange rates. To manage market risk, we believe it is important to curb excessive losses for each financing and investment transaction, along with controlling market risk for our entire portfolio within the pre-established benchmark.

■ Implementing investment limits and loss-cut rules

To curb excessive losses on each financing and investment transaction, we implement investment limits and loss-cut rules based on the nature of the assets, and regularly report to the Risk Management Committee on the status of compliance, along with preparing a system to control risk to acceptable levels when there is breach of rules.

■ Measuring and managing market value-at-risk

In addition, to control market risk in our entire portfolio, we use statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within acceptable boundaries of risk.

b. Credit risk

Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. We believe that in managing credit risk it is important to examine each transaction rigorously, set terms appropriate to the level of credit risk involved, and analyze and evaluate accurately every facet of the risk in the portfolio as a whole.

■ Managing credit risk in individual transactions

We have built systems for rigorous examinations, involving a Credit Department independent of the groups handling the lending. To build a sound portfolio, we have established interest guidelines to ensure the returns we obtain are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

■ Managing credit risk in a portfolio as a whole

We calculate the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By reflecting the result in our policy for managing our credit risk portfolio, we keep risk within an acceptable range.

c. Real estate investment risk

Real estate investment risk refers to the risk of reduced returns caused by factors such as rent fluctuation as well as losses when real estate values decline due to market deterioration. Our approach to managing real estate investment risk involves rigorous examination of each investment by a Credit Department independent of groups actually handling the investment. We have also developed a system involving warning levels for investment return and price levels, which enables us to focus on specific properties whose profitability is suffering.

(5) ALM

For life insurance companies to carry out stable management in the long term, not only investment, but also ALM (asset and liability management) is important to appropriately control the status of insurance policies that constitute liabilities. We analyze and evaluate ①Liability cash flow ②Risk of falling short of assumed interest rate ③Level of allowed risk for each product, and decide the medium-to-long-term investment plan at Managing Directors Meetings and Risk Management Committee Meetings.

(6) Self-assessment and allowance for doubtful accounts

Asset self-assessment refers to evaluating individual assets based on the financial condition of each borrower and its collateral, and is classified into four categories (Normal, II, III IV).

To ensure the objectivity of self-assessment, we have established a highly reliable framework that includes:

- Strict assessment standards based on the insurance inspection manual of the Financial Services Agency
- Internal audit by the Internal Auditing Dept. independent from the groups handling the actual assessment
- External audit by external auditors (certified public accountants)

In fiscal year 2006, from the perspective of maintaining soundness, we implemented appropriate allowance for doubtful accounts according to the same allowance standards as the previous fiscal year.

Allowance for doubtful accounts

- ① Allowance for “Normal” borrowers is provided under general allowance for doubtful accounts based on actual loan losses in the previous fiscal year.
- ② Allowance for “On caution” borrowers is provided under general allowance for doubtful accounts based on the accumulated actual loan loss ratio (ratio of losses incurred from loans within three years from a certain date) for the previous three fiscal years.
- ③ Regarding corporate loans to “Substandard” borrowers that are not secured by collateral or guarantee, approximately 21% is provided under general allowance for doubtful accounts.
- ④ Regarding allowance for “Doubtful”, “Quasi-Bankrupt” and “Bankrupt” borrowers, the necessary amount, concerning the balance calculated by subtracting estimated collectable amount based on collateral and guarantees from total loans, is provided as specific allowance for doubtful accounts. The portion for “Category IV” is directly deducted from total loans amount.

3. Investment Status of General Account Investments

(1) Asset Structure

(100 million yen, %)

	As of March 31, 2006		As of March 31, 2007	
	Amount	%	Amount	%
Cash equivalents and call loans	13,596	2.8	9,821	2.0
Securities repurchased under resale agreements	-----	---	-----	---
Deposit paid for securities borrowing transactions	-----	---	-----	---
Monetary receivables purchased	13,916	2.9	13,346	2.7
Proprietary trading securities	20	0.0	20	0.0
Assets held in trust	1,770	0.4	1,955	0.4
Securities	331,067	68.7	351,887	71.0
Domestic bonds	158,437	32.9	163,751	33.0
Domestic stocks	104,849	21.7	112,954	22.8
Foreign securities	64,249	13.3	71,788	14.5
Foreign bonds	49,675	10.3	54,470	11.0
Foreign stocks and other securities	14,573	3.0	17,317	3.5
Other securities	3,531	0.7	3,392	0.7
Loan receivable	99,991	20.7	97,267	19.6
Policy loans	12,634	2.6	12,094	2.4
Industrial and consumer loans	87,357	18.1	85,172	17.2
Real estate	16,865	3.5	16,434	3.3
Investment property	10,415	2.2	10,097	2.0
Deferred tax assets	-----	---	-----	---
Other assets	5,251	1.1	5,214	1.1
Allowance for doubtful accounts	- 399	- 0.1	- 321	- 0.1
Total assets (General account)	482,080	100.0	495,626	100.0
Foreign currency dominated assets	62,740	13.0	67,862	13.7

Note: 1. The above assets include cash received as collateral under securities lending contracts. Cash collateral received through these transactions are recorded in other liabilities. (As of March 31, 2006, ¥1,111.1 billion; as of March 31, 2007, ¥925 billion)

2. Tangible fixed assets is the total of land, buildings, and construction in progress

(2) Increases / Decreases in Assets

(100 million yen)

	As of March 31, 2006	As of March 31, 2007
	Amount	Amount
Cash equivalents and call loans	7,585	-3,774
Securities repurchased under resale agreements	-----	-----
Deposit paid for securities borrowing transactions	-----	-----
Monetary receivables purchased	-649	-569
Proprietary trading securities	-8	-0
Assets held in trust	324	185
Securities	37,217	20,820
Domestic bonds	4,679	5,314
Domestic stocks	28,592	8,105
Foreign securities	5,806	7,538
Foreign bonds	4,210	4,794
Foreign stocks and other securities	1,596	2,744
Other securities	-1,861	-139
Loan receivable	-3,180	-2,724
Policy loans	-624	-539
Industrial and consumer loans	-2,556	-2,184
Real estate	-873	-431
Investment property	-870	-318
Deferred tax assets	-----	-----
Other assets	-2,502	-36
Allowance for doubtful accounts	65	77
Total assets (General account)	37,977	13,546
Foreign currency dominated assets	6,769	5,122

Note: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows:
(As of March 31, 2006 ¥306.1 billion; as of March 31, 2007, ¥-186 billion)

2. Tangible fixed assets is the total of land, buildings, and construction in progress

(3) Investment Income

(100 million yen)

	As of March 31, 2006	As of March 31, 2007
Interest, dividend, and other income	10,700	11,563
Interest on deposits and savings	1	12
Interest on securities and dividends	7,429	8,252
Interest on loan receivables	2,093	2,040
Rent income on real estate	978	1,027
Other income	199	230
Gain on investment of proprietary trading securities	-----	0
Gain on investment of assets in trust	364	221
Gain on sale of securities	1,742	1,017
Gain on sale of domestic bonds	99	15
Gain on sale of domestic stocks and other securities	1,444	740
Gain on sale of foreign securities	197	261
Other gain	0	0
Gain on redemption of securities	65	464
Other investment income	24	15
Total	12,897	13,282

(4) Investment Expenses

(100 million yen)

	As of March 31, 2006	As of March 31, 2007
Interest expense	14	53
Loss on investment of proprietary trading securities	0	-----
Loss on sale of securities	1,147	1,023
Loss on sale of domestic bonds	713	776
Loss on sale of domestic stocks and other securities	91	46
Loss on sale of foreign securities	340	199
Other loss	2	0
Loss on valuation of securities	88	118
Loss on valuation of domestic bonds	-----	-----
Loss on valuation of domestic stocks	48	114
Loss on valuation of foreign securities	39	4
Other loss	-----	-----
Loss on redemption of securities	2	18
Loss on derivative financial instruments, net	978	1,273
Foreign exchange loss, net	37	12
Provision for allowance for doubtful account	151	-----
Write down of loan	1	0
Depreciation for rental real estate and other assets	274	262
Other investment expense	220	201
Total	2,917	2,963

Note: In addition to the above, 7.7 billions yen of reversal of allowance for doubtful accounts is recorded as an extraordinary profit in the year ended March 31, 2007.

(5) Investment Indicators

①Yield on Primary Assets

(%)

	As of March 31, 2006	As of March 31, 2007
Cash equivalents and call loans	0.03	0.23
Securities repurchased under resale agreements	-----	-----
Deposit paid for securities borrowing transactions	0.01	0.23
Monetary receivables purchased	0.61	1.10
Proprietary trading securities	-0.39	0.34
Assets held in trust	24.16	13.22
Securities	2.78	2.82
Domestic bonds	1.33	1.37
Domestic stocks	5.32	4.14
Foreign securities	4.26	5.07
Foreign bonds	3.31	4.25
Foreign stocks and other	7.97	8.25
Loans receivable	1.91	2.04
Industrial and consumer loans	1.46	1.63
Real estate	2.93	3.48
Investment property	4.69	5.62
General Account total	2.37	2.41
Overseas investment	4.34	4.81

Notes: 1. Yields are calculated by dividing investment income less investment expenses by the daily average book value balance.

2. The amount of overseas investment is the total of assets denominated in foreign currencies and yen.

②Daily Average Balance

(100 Millions of Yen)

	Year ended March 31, 2006	Year ended March 31, 2007
Cash equivalents and call loans	7,848	7,383
Securities repurchased under resale agreements	-----	-----
Deposit paid for securities borrowing transactions	140	627
Monetary receivables purchased	13,079	16,775
Proprietary trading securities	24	243
Assets held in trust	1,507	1,672
Securities	266,430	272,719
Domestic bonds	158,888	159,535
Domestic stocks	46,362	48,309
Foreign securities	57,168	61,549
Foreign bonds	45,563	49,017
Foreign stocks and other	11,604	12,532
Loans receivable	101,293	99,693
Industrial and consumer loans	88,373	87,321
Real estate	17,347	16,834
Investment property	10,799	10,414
General Account total	420,358	428,858
Overseas investment	66,870	72,621

(6) Net Valuation Gains/Losses of Trading Securities

(100 million yen)

	As of March 31, 2006	
	Carrying value	Net valuation gains/losses
Trading securities	1,780	163

	As of March 31, 2007	
	Carrying value	Net valuation gains/losses
Trading securities	1,964	-28

Note: 1. Assets held in trust included in trading securities recorded on the balance sheets, and net valuation gains/losses included in profits/losses for the current period include net gains/losses related to derivative transactions.

2. Assets held in trust included in trading securities does not include cash equivalents and call loans.

(7) Market Value Information of Securities (Excluding Trading securities)

(100 million yen)

	As of March 31, 2006				
	Book value	Market value	Gain/loss	Gain/Loss	
				Gain	Loss
Policy-reserve-matching bonds	167,246	168,084	838	2,601	-1,762
Held-to-maturity debt securities	942	935	-7	0	-8
Investments in subsidiaries and affiliates	544	1,144	599	599	----
Other securities	111,300	175,597	64,296	65,197	-900
Domestic bonds	170	180	10	10	----
Domestic stocks	43,476	101,254	57,778	58,300	-522
Foreign securities	50,754	57,074	6,320	6,692	-371
Foreign bonds	43,434	47,056	3,621	3,860	-238
Foreign stocks and other securities	7,319	10,018	2,698	2,832	-133
Other securities	3,063	3,249	186	193	-6
Monetary receivables purchased	6,516	6,516	0	0	-0
Negotiable deposits	7,320	7,320	0	0	-0
Total	280,033	345,760	65,727	68,398	-2,671
Domestic bonds	158,426	159,264	837	2,529	-1,691
Domestic stocks	44,021	102,399	58,377	58,900	-522
Foreign securities	53,373	59,677	6,304	6,696	-392
Foreign bonds	46,053	49,659	3,605	3,864	-258
Foreign stocks and other securities	7,319	10,018	2,698	2,832	-133
Other securities	3,063	3,249	186	193	-6
Monetary receivables purchased	13,829	13,850	20	79	-58
Negotiable deposits	7,320	7,320	0	0	-0

	As of March 31, 2007				
	Book value	Market value	Gain/loss	Gain/Loss	
				Gain	Loss
Policy-reserve-matching bonds	172,523	175,158	2,635	3,435	-799
Held-to-maturity debt securities	837	834	-3	0	-3
Investments in subsidiaries and affiliates	544	1,036	491	491	----
Other securities	116,335	188,043	71,708	72,180	-472
Domestic bonds	1,924	1,939	15	16	-1
Domestic stocks	46,293	110,352	64,058	64,374	-316
Foreign securities	56,943	64,457	7,513	7,666	-153
Foreign bonds	48,669	53,049	4,379	4,415	-36
Foreign stocks and other securities	8,273	11,407	3,134	3,250	-116
Other securities	3,030	3,151	120	121	-0
Monetary receivables purchased	3,122	3,123	0	0	-0
Negotiable deposits	5,020	5,019	-0	0	-0
Total	290,241	365,073	74,831	76,107	-1,275
Domestic bonds	163,736	166,204	2,468	3,223	-755
Domestic stocks	46,838	111,388	64,550	64,866	-316
Foreign securities	58,364	65,875	7,511	7,671	-160
Foreign bonds	50,090	54,467	4,377	4,420	-43
Foreign stocks and other securities	8,273	11,407	3,134	3,250	-116
Other securities	3,030	3,151	120	121	-0
Monetary receivables purchased	13,251	13,432	181	223	-42
Negotiable deposits	5,020	5,019	-0	0	-0

Note: 1. The above table includes CDs (negotiable deposits) and other securities deemed appropriate under the Securities and Exchange Law of Japan.

○ Book Value of Securities Without Market Value

(100 million yen)

	As of March 31, 2006	As of March 31, 2007
	Policy-reserve-matching bonds	-----
Unlisted foreign bonds	-----	-----
Other	-----	-----
Held-to-maturity debt securities	-----	-----
Investments in subsidiaries and affiliates	2,828	2,957
Other securities	5,105	5,296
Unlisted domestic stocks(excluding over-the-counter-stocks)	2,680	1,688
Unlisted foreign stocks(excluding over-the-counter-stocks)	1,011	2,256
Unlisted foreign bonds	-----	-----
Other	1,414	1,351
Total	7,933	8,254

Note: Of securities without Market Value, net gains/losses on foreign exchange valuation of assets denominated in foreign currencies were as follows:

As of March 31, 2006, ¥-10.6 billion; as of March 31, 2007, ¥-7 billion.

(8) Market Value Information of Assets Held In Trust

(100 million yen)

	As of March 31, 2006				
	Carrying value on balance sheets	Market value	Net unrealized gains/losses		
			Gains	Losses	
Assets held in trust	1,770	1,770	-----	-----	-----

	As of March 31, 2007				
	Carrying value on balance sheets	Market value	Net unrealized gains/losses		
			Gains	Losses	
Assets held in trust	1,955	1,955	-----	-----	-----

Notes: 1. Market value calculations are based on prices rationally calculated by the trustee of assets held in trust.

2. Amounts on the balance sheet include net gains/losses on derivative transactions within assets held in trust.

• Assets held in trust for investment

(100 million yen)

	As of March 31, 2006	
	Carrying value on balance sheets	Net valuation gains/losses
Assets held in trust for investment	1,770	163

	As of March 31, 2007	
	Carrying value on balance sheets	Net valuation gains/losses
Assets held in trust for investment	1,955	-28

Note: Assets held in trust on the balance sheets and net valuation gains/losses included in current period include net gains/losses on derivative transactions.

• Assets held in trust classified as held-to-maturity, policy-reserve-matching, and others

No data as there was not an ending balance as of March 31, 2006 and as of March 31, 2007.

<Reference>

○ Appraisal value of real estate

(100 Millions of Yen)

	As of March 31, 2006				
	Carrying value on balance sheets	Market value (appraisal value)	Net unrealized gains/losses ①	Revaluation ②	①+②
Land and leaseholds	11,759	10,929	-829	878	48

	As of March 31, 2007				
	Carrying value on balance sheets	Market value (appraisal value)	Net unrealized gains/losses ①	Revaluation ②	①+②
Land and leaseholds	11,558	12,544	985	945	1,931

Notes: 1. Appraisal value is based on the value of land disclosed in public.

2. In accordance with the law for the revaluation of land, business use lands were revalued and net valuation gains/losses are recorded on the balance sheets.

3. For revaluation ②, the difference between the amount revalued and the historical cost, net of tax has been credited to revaluation reserve for land in net assets, resulting in deferred tax liabilities in respect of revaluation reserve for land being included in liabilities.

4. Policies in Force by Type of Benefits as of March 31, 2007

		Individual insurance		Individual annuity		Group insurance		Total	
		Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Death protection	General	12,944	2,229,461	-----	-----	28,186	843,835	41,131	3,073,296
	Disaster	8,048	423,907	169	3,496	3,490	42,850	11,707	470,253
	Others	324	4,142	-----	-----	85	1,492	410	5,635
Pure endowment		17	145	2,640	169,655	11	134	2,669	169,935
Hospitalization coverage	Disaster	9,095	538	385	17	1,846	21	11,327	577
	Illness	9,012	527	380	16	-----	-----	9,393	544
	Others	12,751	721	138	4	67	0	12,957	726
Disability coverage		8,863	-----	89	-----	3,249	-----	12,202	-----
Surgical coverage		13,990	-----	382	-----	-----	-----	14,372	-----

	Group annuity		Workers' asset-formation insurance/annuity		Total	
	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)	Number of policies (thousands)	Amount (100 million yen)
Pure endowment	17,839	90,292	258	4,787	18,097	95,080

	Medical care insurance	
	Number of policies (thousands)	Amount (100 million yen)
Hospitalization coverage	870	24

	Disability income insurance	
	Number of policies (Thousands)	Amount (100 millions of Yen)
Disability income coverage	78	62

- Notes:1 The number of policies for Group Insurance, Group Annuity, Workers Asset Formation Insurance/Annuity, Medical Care Insurance (Group type), and Disability Income Insurance represents the numbers of the insured.
- 2 The amount in "Pure endowment" for Individual Annuity, Group Insurance (Annuity Riders), and Workers' Asset-Formation Annuity (excluding Workers' Asset-Formation Savings Annuity) represents the total of (a) annuity underlyings at the beginning of annuity payments for policies bound prior to the start of annuity payments, and (b) policy reserves for policies bound after the start of annuity payments. The amount in "Pure endowment" for Group Annuity, Workers' Asset-Formation Insurance, and Savings Annuity represents the amount of corresponding policy reserves.
- 3 The amount in "Hospitalization coverage" represents the amount of daily hospitalization benefits.
- 4 The amount in "Hospitalization coverage" of medical care insurance represents the amount related to hospitalization from illness.
- 5 The amount in disability income insurance represents the amount of monthly disability benefits payments.
- 6 The number of insureds and amount of policies for reinsurance written were 22 thousand persons and 23.1 billion yen, respectively.

5. Balance Sheet

(million yen)

	As of March 31, 2006	As of March 31, 2007
	Amount	Amount
Assets:		
Cash and deposits	915,044	806,112
Cash	3,955	3,655
Deposits	911,089	802,456
Call loans	553,700	259,200
Monetary receivables purchased	1,391,624	1,334,680
Proprietary trading securities	2,099	2,099
Assets held in trust	177,037	195,592
Investments in securities	35,283,468	37,330,243
National government bonds	11,350,849	11,670,238
Local government bonds	1,673,874	1,828,531
Corporate bonds	3,401,802	3,460,230
Domestic stocks	11,250,725	12,025,649
Foreign securities	7,039,703	7,783,690
Other securities	566,511	561,903
Loan receivables	9,999,170	9,726,702
Policy loans	1,263,464	1,209,475
Industrial and consumer loans	8,735,705	8,517,226
Real estate and movables	1,708,506	----
Land	1,088,376	----
Buildings	581,688	----
Movables	21,941	----
Construction in progress	16,499	----
Tangible fixed assets	----	1,663,673
Land	----	1,068,970
Buildings	----	568,518
Construction in progress	----	5,937
Other tangible fixed assets	----	20,246
Intangible fixed assets	----	142,515
Software	----	46,742
Other intangible fixed assets	----	95,773
Reinsurance receivables	465	306
Other assets	549,401	404,850
Accounts receivable	77,708	72,301
Prepaid expense	8,615	8,281
Accrued revenue	229,831	243,046
Money on deposit	47,016	46,353
Deposit for futures transaction	397	502
Futures transactions margin account	----	1
Financial derivative instruments	8,253	3,324
Deferred hedge loss	43	----
Suspense	15,536	9,694
Other assets	161,999	21,344
Customers' liability for acceptances and guarantees	2,000	8,109
Allowance for doubtful accounts	-39,953	-32,183
Total assets	50,542,565	51,841,901

5. Balance Sheet (Continued)

(million yen)

	As of March 31, 2006	As of March 31, 2007
	Amount	Amount
Liabilities :		
Policy reserves and others	40,957,442	41,887,258
Reserve for outstanding claims	227,222	244,911
Policy reserve	39,418,163	40,382,501
Reserve for dividends to policyholders	1,312,057	1,259,846
Reinsurance payables	490	265
Other liabilities	1,900,279	1,523,815
Cash received as collateral under security lending contracts	1,111,155	925,059
Loans payable	150	129
Corporate income tax payable	68,110	53,680
Accounts payable	384,387	198,693
Accrued expenses	57,561	59,872
Deferred income	21,626	20,256
Deposits received	111,131	107,427
Guarantee deposits received	98,167	99,434
Futures transactions margin account	1,352	549
Financial derivative instruments	24,017	46,222
Deferred hedge profits	59	----
Suspense receipt	7,548	9,418
Other liabilities	15,009	3,069
Accrued bonus for directors and corporate auditors	103	103
Accrued severance indemnities	410,874	427,256
Accrued retirement benefit for directors	----	5,691
Accrued loss from supporting closely related companies	603	552
Reserve for price fluctuations of security investments	441,263	467,263
Deferred tax liabilities	1,380,040	1,510,382
Deferred tax liabilities for land revaluation reserve	181,525	179,535
Acceptances and guarantees	2,000	8,109
Total liabilities	45,274,623	46,010,233
Capital :		
Foundation funds	300,000	----
Reserve for redemption of foundation funds	600,000	----
Reserve for revaluation	651	----
Surplus :	350,197	----
Legal reserve for deficiency	7,409	----
Voluntary surplus reserve	105,957	----
Deficiency reserve	71,917	----
Reserve for retirement benefit	3,500	----
Reserve for assisting social public welfare	255	----
Reserve for condensed booking of fixed assets for tax purpose	30,115	----
Other reserves	170	----
Unappropriated surplus	236,830	----
(Net surplus in the current year)	(229,830)	----
Revaluation reserve for land, net tax	-93,688	----
Net unrealized gains on securities, net tax	4,110,781	----
Total capital	5,267,941	----
Total liabilities and capital	50,542,565	----
Net assets :		
Foundation funds	----	250,000
Reserve for redemption of foundation funds	----	650,000
Reserve for revaluation	----	651
Surplus :	----	408,143
Legal reserve for deficiency	----	8,123
Voluntary surplus reserve	----	400,020
Deficiency reserve	----	71,917
Reserve for retirement benefit	----	3,500
Reserve for assisting social public welfare	----	648
Reserve for condensed booking of fixed assets for tax purpose	----	29,261
Reserve for condensed booking of fixed assets, not purchased yet	----	1,908
Other reserves	----	170
Unappropriated surplus	----	292,615
Total equity	----	1,308,795
Net unrealized gains on securities, net tax	----	4,607,770
Deferred gain(loss) on derivatives under hedge accounting	----	57
Land revaluation difference	----	-84,955
Total valuation, conversion and others	----	4,522,873
Total net assets	----	5,831,668
Total liabilities and net assets	----	51,841,901

6. Statement of Profit and Loss

(million yen)

	Year ended March 31, 2006	Year ended March 31, 2007
	Amount	Amount
Revenues:	6,839,468	6,514,099
Income from insurance and reinsurance premiums	4,842,280	4,854,303
Insurance premiums	4,841,763	4,853,646
Reinsurance premiums	516	657
Investment income	1,677,754	1,409,724
Interest, dividends, and other income	1,070,088	1,156,348
Interest on deposits and savings	102	1,201
Interest/dividends on domestic securities	742,939	825,239
Interest on loans receivable	209,326	204,064
Rent on real estate	97,811	102,765
Other Interest/dividends	19,909	23,077
Gain from proprietary trading securities	----	83
Gain from assets held in trust	36,414	22,108
Gain on sales of securities	174,290	101,722
Gain from redemption of securities	6,528	46,455
Other investment income	2,426	1,500
Gain from separate accounts, net	388,006	81,506
Other revenues	319,432	250,071
Income from annuity riders	6,295	6,039
Income from deferred benefits	283,433	225,138
Reversal of policy reserve for outstanding claims	12,008	----
Other revenues	17,696	18,894
Expenditures :	6,395,674	6,183,492
Insurance claims and other payments:	4,442,302	3,831,149
Death and other claims	1,409,481	1,218,010
Annuity payments	416,219	439,395
Health and other benefits	772,494	779,972
Surrender benefits	1,186,750	1,061,274
Other refunds	656,391	331,384
Reinsurance premiums	964	1,113
Provision for policy reserves	662,883	1,019,183
Provision for claims reserves	----	17,689
Provision for policy reserves	623,817	964,337
Interest on reserve for dividends to policyholders	39,066	37,156
Investment Expenses	291,716	296,342
Interest expenses	1,421	5,333
Loss on proprietary trading securities	9	----
Loss on sale of securities	114,735	102,305
Loss on valuation of securities	8,857	11,861
Loss from redemption of securities	209	1,802
Loss from derivative financial instruments, net	97,879	127,398
Foreign exchange loss, net	3,746	1,273
Allowance for doubtful accounts	15,136	----
Write-down of loans	160	3
Depreciation for rental real estate and other assets	27,468	26,249
Other investment expenses	22,091	20,114
Operating expenses	536,324	547,501
Other expenditures	462,448	489,314
Deferred benefit payments	348,879	384,946
Tax	35,752	35,223
Depreciation	43,548	39,261
Provision for accrued severance indemnities	20,957	16,382
Other expenditures	13,310	13,500
Operating income	443,793	330,606
Extraordinary profits :	1,394	46,162
Gain on disposal of fixed assets	1,394	38,398
Reversal of allowance for doubtful accounts	----	7,764
Extraordinary loss :	166,374	52,461
Loss on disposal of fixed assets	36,041	19,870
Impairment loss	77,807	5,389
Provision for reserve of security price fluctuations	51,000	26,000
Loss on reduction entry of real estate	279	95
Contribution for assisting social public welfare	1,245	1,107
Surplus before income tax	278,813	324,307
Income tax - current	142,969	141,201
Income tax - deferred	-93,985	-117,168
Surplus in the current year	229,830	300,274
Reversal of revaluation reserve for land	5,755	----
Reversal of reserve for assisting social public welfare	1,245	----
Unappropriated surplus	236,830	----

Basis of Presenting the Non-Consolidated Financial Statements

1. Proprietary trading securities and securities (including securities of deposits, monetary receivables purchased, and securities within assets held in trust) are valued as follows:

- (1) Trading securities are stated at the market value as of the balance sheet date. (Moving average method is used for calculating cost of sales).
- (2) Held-to-maturity debt securities are valued using the moving average method net of accumulated amortization (straight-line).
- (3) Policy-reserve-matching bonds are valued using the moving average method net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No.21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA").
- (4) Stocks of subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2 Item 12 of the Insurance Business Law excluding subsidiaries prescribed in Article 2-3 Item 2 of the Ordinance of the Insurance Business Law, and stocks issued by affiliates prescribed in Article 2-3 Item 3 of the Ordinance of the Insurance Business Law) are valued using the moving average method.
- (5) Other Securities
 - ① Of securities with market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Others are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).
 - ② Of securities without market value, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is due to interest rate adjustment, are valued using the moving average method net of accumulated amortization (straight-line). Others are valued at the gross moving average amount.

Adjustments to fair value, net of applicable taxes are recorded in a separate component of net asset.

2. Securities that are held for the purpose of controlling durations of the liabilities within the sub-groups (insurance type, remaining period, and investment policy) of security products as individual insurance and annuity, workers' asset-formation insurance and annuity, and group insurance and annuity are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).

The book value and market value of policy-reserve-matching bonds as of March 31, 2006 amounted to ¥17,252,402 million and ¥17,515,888 million, respectively.

The definition of the remaining period sub-category has been changed from the number of years until maturity date (the number of years until death, managed by the Company, was used for agreements without maturity dates) to the lesser of the number of years until maturity date or the average remaining life. Such change has been implemented in order to improve the specification of the sub-category in response to December 2006's revision in the Standard Mortality Rate Table. There will be no impact to the balance sheet and the statement of profit and loss from the above change.

3. Derivative financial instruments are stated at market value.

4.

(1) Tangible fixed assets (assets acquired before April 1, 1998) are depreciated based on the declining balance method. Tangible assets acquired on or after April 1, 1998 are depreciated based on the straight-line method.

(2) The amount of accumulated depreciation for tangible assets is ¥985,637 million as of March 31, 2007.

5. Revaluation of the land for operation is performed based on the law related to land revaluation. The amount related to the valuation difference between the previous and the revalued amount is recognized as "deferred tax liabilities for revaluation reserve for land" within the liability section. The Valuation difference excluding tax is recognized as "revaluation reserve for land, net of tax" within the net assets

section.

Revaluation Date	March 31, 2002
Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by the Ordinance clause 2-1 and 2-4, respectively, which are the laws regarding land revaluation.

6. Software, which is included within intangible fixed assets, are depreciated based on the straight-line method.
7. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using accounting standards of the Business Accounting Council.
8.
 - (1) Allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
 - ① The amount of allowance to creditors, who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collaterals or execution of guarantees from the balance of loans receivable (as mentioned at (3) below).
 - ② The allowance for credit of creditors, who are not currently legally bankrupt but have high possibility of bankruptcy, is recognized on the amounts deemed necessary considering the borrowers' overall solvency assessment, within the amounts remaining after deductions of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
 - ③ The allowance for creditors other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
 - (2) All credits are assessed by the sections concerned in responsible sections in accordance with the Company's Asset Valuation Regulation. The assessments are verified by an independent Asset Auditing Department. The results of the assessments are reflected upon calculation of the allowance for doubtful accounts.
 - (3) The amount of collateral value or the amount collectible by the execution of

guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amount recognized in the financial statements is ¥4,163 million (including ¥2,785 million of credits secured and/or guaranteed) as of March 31, 2007.

9. Accrued bonus for directors and corporate auditors is recognized based on the amount estimated to be paid.

10.

(1) Accrued severance indemnities are provided based on the estimated amounts of projected benefit obligations in excess of the fair value of pension plan assets for future severance payments of employees as of the balance sheet date.

(2) Information relating to retirement allowance payments is as follows.

① Breakdown of retirement benefit obligation as of March 31, 2006 and 2007 :

	Millions of yen	
	As of March 31, 2006	As of March 31, 2007
a. Retirement Benefit Obligation	¥(789,325)	¥(777,065)
b. Pension Plan Asset	320,127	321,777
c. Accrued Retirement Benefit Costs	(469,197)	(455,288)
d. Unrecognized Actuarial Differences	87,831	49,991
e. Unrecognized Past Service Cost	(29,507)	(21,959)
f. Accrued Severance Indemnities	¥(410,874)	¥(427,256)

② Basic information for the calculation of accrued severance indemnities is as follows:

a. Periodical allocation method of estimated retirement benefit	Straight-line
b. Discount rate	1.6%
c. Expected rate on plan assets	2.5%

- | | |
|---|--|
| d. Method of amortizing actuarial differences | Amortization is made over a certain period (5years) using the straight-line method within the average remaining years of service of employees one year after the accrual of liabilities. |
| e. Method of amortizing prior service costs | Amortization is made over a certain period (5years) using the straight-line method within the average remaining years of service of employees upon accrual of liabilities. |

11. Accrued retirement benefit for directors is recognized based on the estimated payment amount. The amount for directors' and corporate auditors' retirement pay had been recognized at the time of payment during the previous periods. However, starting this current fiscal year, the reserve has been recognized based on the internal rules of the estimated payment amount, which is in accordance with, "Treatment of Audit for Reserves under Special Taxation Measures Law, and Allowance, Reserve, Retirement Benefits for Directors under Special Law" (JICPA, Auditing & Assurance Practice Committee, Issuance No. 42). As a result of this treatment, the operating income and surplus before income tax has decreased by ¥5,691 million.
12. Accrued losses from supporting closely related companies is recognized based on the amount that is estimated to be required in the future for supporting restructurings of the closely related companies.
13. Reserve for price fluctuations of investments in securities is recognized based on Article 115 of the Insurance Business Law.
14. The accounting procedure of normal rents is applied to finance lease assets, unless the ownership of the asset is transferred to the lessee.
- 15.
- (1) The Company applies the mark-to-market method of hedge accounting mainly for

hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, The Company matches forward foreign exchange contracts and currency swaps with certain financial assets denominated in foreign currencies.

Deferred gains of certain interest swap agreements had been previously recorded on the balance sheet by crediting to income over the residual term of the swap agreements (three or four years) on a straight-line basis in accordance with the temporary provision prescribed in the Industry Audit Committee Report No.26 “Treatment of Accounting and Auditing Concerning Application of Accounting Standards for Financial Instruments in Insurance Industry”, issued by the JICPA. However, such adoption of this guidance has been terminated during the current fiscal year.

- (2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company’s internal risk management policies.

16. Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain real estate transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Law, are deferred as prepaid expenses and amortized to income over a five-year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are charged to income as incurred.

17. A policy reserve is a reserve set forth in accordance with Article 116 of the Insurance Business Law. A policy reserve is recognized by performing a calculation based on the following methodology:

- (1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (the ordinance No.48 issued by the Ministry of Finance in 1996).
- (2) Reserves for other contracts is computed based on the net level premium method.

Beginning in the current year, additional amounts to policy reserves will be made over the period of 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69-5 of the Enforcement Regulation of the Insurance Business Law. As a result of the adoption of the treatment, the policy reserve has increased by ¥280,481 million and operating income as well as surplus before income taxes has decreased by ¥280,481 million as of March 31, 2007.

18. Effective this year, implementation guidance for accounting standards related to recording equity section on the balance sheet (Accounting Standards Board of Japan, Accounting Standard No.5 “Accounting Standard for Presentation of Net Assets in the Balance Sheet” and its Implementation Guidance No.8) are being used. The previous amount equivalent to total capital was ¥5,831,610 million.

19. Disclosure methodology has been changed from the current fiscal year due to revision in the Enforcement Regulation of Insurance Business Law. The major changes were as follows.

(1) Classification of “real estates and movables” has changed to “tangible assets”.

(2) Intangible fixed assets which were grouped with other assets in the prior year have been separated out.

The amount of intangible fixed assets which was indicated as other assets in prior year is ¥142,944 million.

(3) “Gain and loss on sales of real estate” has been changed to “gain and loss on sales of fixed assets”.

20.

(1) The total amounts of credits of bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and loans for restructuring, which were included in loans receivable, is ¥76,537 million and ¥64,153 million as of March 31, 2006 and 2007, respectively.

① The balances of loans of bankrupt borrowers and delinquent loans are ¥4,177 million and ¥67,075 million, as of March 31, 2006 and ¥4,491 million and ¥54,771 million as of March 31, 2007, respectively.

Loans of bankrupt borrowers are loans, except for a portion of loans written-down, where the borrowers satisfy conditions prescribed in Article 96

Paragraph 1 Item 3 or Item 4 of the Enforcement Regulations of the Corporation Tax Law. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that the principal or interest payments are long overdue or for other reasons.

Delinquent loans are loans with interest not accrued excluding the loans of bankrupt borrowers and the loans to which postponement of interest payment is made with the object of reconstructing and supporting the borrowers.

- ② The balances of loans that are delinquent for over three months were ¥540 million and ¥531 million, as of March 31, 2006 and 2007, respectively.

Loans that are delinquent for over three months are loan with principal or interest unpaid for over 3 months beginning one day after the due date based on the loan agreement.

- ③ The balances of loans for restructuring, were ¥4,744 million and ¥4,359 million as of March 31, 2006 and 2007, respectively.

Loans for restructuring are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over 3 months. .

- (2) Direct write-off of loans receivable decreased balances of loans of bankrupt borrowers and delinquent loans by ¥2,489 million and ¥20,097, million, as of March 31, 2006 and ¥1,711 million, ¥2,451 million as of March 31 2007, respectively.

21. Total assets within the Separate Accounts as provided for in Article 118-1 of the Insurance Business Law is ¥2,334,507million as of March 31,2006 and ¥2,279,213 million as of March 31, 2007, respectively.

The liabilities amount is the same as .the above.

22. The total amount of credits and debits to subsidiaries is ¥123,329 million and ¥5,782 million, respectively, as of March 31, 2006 and ¥ 149,366 million and ¥ 12,774 million, respectively, as of March 31, 2007.

23. Changes in the reserve for dividends to policyholders included in policy reserves for the period ended March 31, 2006 and 2007 is as follows:

	Millions of Yen	
	As of March 31, 2006	As of March 31, 2007
Balance at the end of previous fiscal year	¥1,357,447	¥1,312,057
Transfer to reserves from surplus in previous fiscal year	146,977	179,929
Policyholders dividends paid out in the current period	(231,434)	(269,297)
Increase in interest	39,066	37,156
Balance at the end of fiscal year	<u>¥1,312,057</u>	<u>¥1,259,846</u>

24. The amount of assets pledged as collateral by securities, land, and buildings is ¥1,187,482 million, ¥2,952 million, and ¥344 million, respectively. The total amount of loans covered by the aforementioned assets is ¥928,258 million as of March 31, 2007.

These amounts included ¥1,018,513 million of securities deposited and ¥928,128 million of cash received as collateral, under the securities lending contracts secured by cash, as of March 31, 2007.

25. For the year ended March 31, 2007, the Company redeemed ¥50,000 million of foundation fund, and credited the same amount to reserve for redemption of foundation funds provided for in Article 56 of the Insurance Business Law.

26. The total amount of bonds and investments in subsidiaries is ¥269,184 million and ¥350,232 million as of March 31, 2006 and 2007, respectively.

27. The amount of securities loaned for consumption is ¥3,057,231 million and ¥ 3,646,930 million as of March 31, 2006 and 2007, respectively.

28. The amount of commitments related to loan receivables and loans outstanding is ¥234,185 million and ¥166,826 million as of March 31, 2006 and 2007, respectively.

- 29.

- (1) The amount of future contributions to the Policyholder Protection Fund, which has been taken over by the Life Insurance Policyholder Protection Corporation of Japan in accordance with Supplementary Article 140 Paragraph 5 of the Enactment Law of Financial System Reform Legislation, is estimated to be ¥7,178 million and ¥2,358 million, as of March 31, 2006 and 2007, respectively. The contribution amount is recognized as operating expense at the time of payment.
- (2) The amount of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Law, is estimated to be ¥97,366 million and ¥92,760 million as of March 31, 2006 and 2007, respectively. The contribution amount is also recognized as operating expense at the time of payment.

30. Deferred Tax Assets and liabilities

- (1) Deferred tax assets/liabilities consisted of the following:

	Millions of yen	
	As of March 31, 2006	As of March 31, 2007
Deferred tax assets	¥1,061,939	¥1,157,674
Valuation allowance for deferred tax assets	(78,949)	(55,380)
	982,990	1,102,294
Deferred tax liabilities	(2,363,030)	(2,612,676)
Net deferred tax assets (liabilities)	¥(1,380,040)	¥(1,510,382)

The major components causing deferred tax assets/liabilities are as follows:

	Millions of yen	
	As of March 31, 2006	As of March 31, 2007
Deferred tax assets:		
Policy reserves	¥622,476	¥741,159
Reserve for price fluctuations of investments	159,304	168,696
Accrued severance indemnities	148,333	154,252
Allowance for doubtful accounts	17,720	8,961
Deferred tax liabilities:		
Net unrealized gains on securities	2,322,650	2,569,099

- (2) The statutory tax rate for the years ended March 31, 2006 and 2007 was 36.1%.
The major difference between the statutory tax rate and the effective income tax rate as of March 31, 2006 and 2007 is the-23.3% and the-26.7% for the reserve for dividends to policyholders, respectively.
31. The amount of policy reserves provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Enforcement Ordinance of the Law as of March 31, 2006 and 2007 is ¥151 million and ¥173 million, respectively.
32. The amount per Article 30, Paragraph 2 of the Enforcement Ordinance of the Law as of March 31, 2007 is ¥4,608,479 million.

Note to the Non-Consolidated Statement of Operations

1. The total revenue and expense from transactions with subsidiaries is ¥43,520 million and ¥30,275 million, respectively for the year ended March 31, 2006 and ¥29,776 million and ¥ 38,539 million, respectively for the year ended March 31, 2007.
2. Gain on sales of securities include gain on sales of domestic bonds, domestic stocks and foreign securities of ¥9,963 million, ¥144,482 million and ¥19,752 million, respectively for the year ended March 31, 2006 and ¥1,532 million, ¥74,069 million and ¥26,120 million, respectively for the year ended March 31, 2007.
3. Loss on sales of securities include loss on sales of domestic bonds, domestic stocks and foreign securities of ¥71,329 million, ¥9,147 million and ¥34,006 million, respectively for the year ended March 31, 2006 and ¥77,686 million, ¥4,676 million and ¥19,942 million, respectively for the year ended March 31, 2007.
4. Loss on the valuation of securities includes loss on sales of domestic stocks and foreign securities of ¥4,861 million and ¥3,995 million, respectively for the year ended March 31, 2006 and ¥11,423 million and ¥438 million, respectively for the year ended March 31, 2007.
5. Reversal of the policy reserve for ceded reinsurance used for the calculation of policy reserves is ¥21 million for the year ended March 31, 2007.
6.
 - (1) Losses on trading securities include ¥0 million of interest and dividends, ¥ 60 million of losses on sales and ¥0 million of losses on valuation for the year ended March 31, 2006 and ¥77 million of interest and dividends, ¥1 million of losses on sales and ¥ 6 million of losses on valuation for the year ended March 31, 2007.
 - (2) Gains from assets held in trust include valuation gains of ¥16,333 million and valuation gains of ¥2,821 million for the year ended March 31, 2006 and 2007, respectively.
 - (3) Losses from derivative financial instruments include valuation gains of ¥ 2,107 million and valuation losses of ¥ 7,424 million for the year ended March 31, 2006 and 2007, respectively.

7. Benefit cost of accrued severance indemnities for the year ended March 31, 2006 and 2007 were analyzed as follows:

	Millions of Yen	
	Year ended March 31, 2006	Year ended March 31, 2007
Service cost	¥24,168	¥26,831
Interest cost	17,907	12,629
Expected return on plan assets	(7,263)	(8,003)
Amortization of actuarial differences	27,798	31,956
Amortization of prior service cost	(7,135)	(7,548)
Others	-	-
Net periodic benefit cost	<u>¥55,475</u>	<u>¥55,864</u>

8. Loss on Impairment of Asset

① Method for grouping the assets

Leased buildings and idle property are classified as one group per structure. Assets utilized for insurance business operations are classified into one group.

② Circumstances causing impairment losses

Due to the unfavorable performance of the real estate market, the Company observed a marked decrease of profitability and fair value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and an impairment loss was recognized as an extraordinary loss.

③ Asset groups that recognized an impairment loss with amount and breakdown:

Purpose of use	(Millions of Yen)		
	Land	Buildings	Total
Leased Property	686	690	1,376
Idle Property	2,767	1,245	4,012
Total	<u>3,453</u>	<u>1,935</u>	<u>5,389</u>

④ Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss on

leased assets is determined at net realizable value upon sales of the asset or the future cash flows. The recoverable amount for unused assets is determined at the net realizable value upon sales of the asset. The discount rate used for calculation of future cash flows is 4%. Net realizable values are determined based on the real estate appraisal or posted land price.

9. Transactions with affiliates is as follows:

Subsidiaries:

Type	Subsidiaries
Name of company	Nissay Credit Guarantee Co., Ltd.
Location	Osaka
Capital	¥200 million
Main Business	Credit guarantee services
% of voting rights held by the Company	Direct 18.0% Indirect 18.0%
Relationship with the Company	Credit guarantee, Doubles as Directors
Detail of transaction	Credit guarantees of the loans held by the Company(*1)
Ending Balance of the Current Fiscal Year	¥609,299 million

(*1) Credit guarantees of the loans held by the Company are made in accordance with the guarantee service agreement bound between the Nissay Credit Guarantee and the borrower.

7. Statement of Changes in Net Assets (Stockowner's Equity)

(Millions of Yen)

	Foundation funds and others												Total Foundation funds and others
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Legal reserve for deficiency	Surplus							Total Surplus	
					Contingency reserve	Reserve for severance benefit	Reserve for assisting social public welfare	Reserve for condensed booking of fixed assets for tax purpose	Reserve for condensed booking of fixed assets, not purchased yet	Other reserves	Unappropri- ated surplus		
Balance, March 31, 2006	300,000	600,000	651	7,408	71,917	3,500	255	30,115	-	170	236,830	350,197	1,250,848
Increase/Decrease													
Additions to reserve for dividends to policyholders											-179,929	-179,929	-179,929
Additions to Legal reserve for deficiency				714							-714	-	-
Additions to Reserve for redemption of foundation funds		50,000									-50,000	-50,000	-
Interest on Foundation funds											-3,632	-3,632	-3,632
Net surplus											300,274	300,274	300,274
Redemption of Foundation funds	-50,000												-50,000
Additions to Reserve for assisting social public welfare							1,500				-1,500	-	-
Reversal of reserve for assisting social public welfare							-1,107				1,107	-	-
Additions to reserve for condensed booking of fixed assets, not purchased yet								-853			853	-	-
Reversal of reserve for condensed booking of fixed assets for tax purpose									1,908		-1,908	-	-
Reversal of Revaluation reserve for land											-8,766	-8,766	-8,766
Net change, excluding Foundation funds and others													
Net change	-50,000	50,000	-	714	-	-	393	-853	1,908	-	55,784	57,946	57,946
Balance, March 31, 2007	250,000	650,000	651	8,123	71,917	3,500	648	29,261	1,908	170	292,615	408,143	1,308,795

	Valuation, Conversion, and others				Total Net Assets
	Net unrealized gain on securities, net of taxes	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Total	
Balance, March 31, 2006	4,110,781	-	-93,688	4,017,093	5,267,941
Increase/Decrease					
Additions to reserve for dividends to policyholders					-179,929
Additions to Legal reserve for deficiency					-
Additions to Reserve for redemption of foundation funds					-
Interest on Foundation funds					-3,632
Net surplus					300,274
Redemption of Foundation funds					-50,000
Additions to Reserve for assisting social public welfare					-
Reversal of reserve for assisting social public welfare					-
Additions to reserve for condensed booking of fixed assets, not purchased yet					-
Reversal of reserve for condensed booking of fixed assets for tax purpose					-
Reversal of Revaluation reserve for land					-8,766
Net change, excluding Foundation funds and others	496,989	57	8,732	505,780	505,780
Net change	496,989	57	8,732	505,780	563,726
Balance, March 31, 2007	4,607,770	57	-84,956	4,522,873	5,831,668

8. Details of Operating Income (Ordinary Income)

(million yen)

	As of March 31, 2006	As of March 31, 2007
Ordinary income (Core operating profit) (A)	633,696	730,050
Capital gain	210,704	123,913
Gain on investment of proprietary trading securities	----	83
Gain on investment of assets held in trust	36,414	22,108
Gain on investment of trading securities	----	----
Gain on sales of securities	174,290	101,722
Gain from derivative financial instruments	----	----
Foreign exchange gain	----	----
Other capital gain	----	----
Capital loss	225,229	242,873
Loss on investment of proprietary trading securities	9	----
Loss on investment of assets held in trust	----	----
Loss on investment of trading securities	----	----
Loss on sales of securities	114,735	102,305
Loss on valuation of securities	8,857	11,861
Loss from derivative financial instrument	97,879	127,398
Foreign exchange loss	3,746	1,273
Other capital loss	1	34
Net capital gain/loss (B)	-14,524	-118,960
Ordinary income including net capital gain/loss (A+B)	619,172	611,090
Non-recurring income	----	----
Income from reinsurance premiums	----	----
Reversal of contingency reserve	----	----
Other non-recurring income	----	----
Non-recurring loss	175,378	280,484
Reinsurance premium fee	----	----
Provision for contingency reserves	154,689	----
Provision for individual allowance for doubtful accounts	20,529	----
Provision of allowance for specific overseas debts	----	----
Bad debt expense of loans	160	3
Other non-recurring loss	----	280,481
Non-recurring income / loss (C)	-175,378	-280,484
Operating income (A+B+C)	443,793	330,606

1 Ordinary income as of March 31, 2006 and as of March 31, 2007 include foreign exchange related gain/loss from foreign currency denominated insurance products totaling ¥1 million and ¥34 million respectively, and the same amounts are recorded under other capital loss.

2 Under other extra expense as of March 31, 2007, based on Article 69 Clause 5 of Enforcement Regulation of Insurance Business Law, provision for policy reserves records ¥280,481 million.

9. Statements of Surplus

(thousands yen)

	As of March 31, 2006	As of March 31, 2007
Unappropriated surplus for the current year	236,830,435	292,615,159
Reversal from voluntary surplus reserve	853,573	6,154,294
Reversal of reserve for retirement benefit	-----	3,500,000
Reversal of Reserve for condensed booking of fixed assets for tax purpose	853,573	745,833
Reversal of Reserve for condensed booking of fixed assets, not purchased yet	-----	1,908,460
Total	237,684,009	298,769,454
Appropriations :	237,684,009	298,769,454
Reserve for policyholder dividends	179,929,298	239,686,709
Net surplus	57,754,710	59,082,745
Transfer to legal reserve for deficiency	714,000	897,000
Transfer to reserve for redemption of foundation funds	50,000,000	50,000,000
Interest on foundation funds	3,632,250	3,119,250
Transfer to voluntary reserve :	3,408,460	5,066,495
Reserve for assisting social public welfare	1,500,000	1,500,000
Reserve for condensed booking of fixed assets for tax purpose	-----	3,566,495
Reserve for condensed booking of fixed assets, not purchased yet	1,908,460	-----
Surplus carried forward	-----	-----

10. Status of Non-performing Assets According to Borrower's Classification

(100 million yen, %)

	As of March 31, 2006	As of March 31, 2007
Bankrupt and Quasi-Bankrupt Loans	117	115
Doubtful Loans	594	477
Substandard Loans	52	48
Subtotal (a)	765	641
[Percent of total] (%)	(0.58)	(0.48)
Normal Loans	130,314	133,657
Total	131,080	134,298

- Notes:
- Bankrupt and quasi-bankrupt loans are non-performing assets that have fallen into bankruptcy due to reasons including initiation of bankruptcy proceedings, start of reorganization proceedings, and submission of an application to start rehabilitation proceedings.
 - Doubtful loans are non-performing assets with a strong likelihood that loan principal or interest cannot be recovered according to the contract, although the obligor has not yet entered into bankruptcy, but because of difficulties in financial condition and business performance of the obligor.
 - Substandard loans include loans that are delinquent for over three months or loans for restructuring. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement (excluding 1) and 2) above). Loans for restructuring are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's company restructuring. Examples of such concessions include reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing other benefits to the borrowers (excluding 1), 2) from above, and loans that are delinquent for over three months).
 - Normal loans are loans that do not fall under the classifications for 1) to 3) above, and where the obligor has no financial or business performance problems.

Supplemental information for borrower classification

* Classifications and calculation methods used in this table are based on the Enforcement Regulation of the Insurance Business Law.

The table includes loans, securities lending, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees.

* Loans subject to bankruptcy rehabilitation are directly deducted from total loans as estimated uncollectible amounts calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans. These amounts were ¥4.1 billion for loans subject to bankruptcy rehabilitation as of March 31, 2007; ¥22.5 billion for loans subject to bankruptcy rehabilitation as of March 31, 2006.

11. Status of Risk-Managed Loans

(100 million yen, %)

	As of March 31, 2006	As of March 31, 2007
Loans to bankrupt borrowers	41	44
Delinquent Loans	670	547
Loans that are delinquent for over three months	5	5
Loans for Restructuring	47	43
Total (b)	765	641
[Percent of total loans receivable](%)	(0.77)	(0.66)

- Notes:
- For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from the total loans) is directly deducted from total loan amount. The amount of loans to bankrupt borrowers and delinquent loans are ¥1.7 billion and ¥2.4 billion as of March 31, 2007; ¥2.4 billion and ¥20 billion as of March 31, 2006.
 - Loans to bankrupt borrowers are loans of the following with principal and interest payments being long overdue and interests not being accrued: (a) Loans that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law, or Commercial Law, (b) loans that have notes suspended from being traded, and (c) loans that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws within loans to expecting repayment or collection of principal or interest.
 - Delinquent loans are accrue interest off- the balance sheet, which excludes aforementioned items 1) and 2) and loans for restructuring.
 - Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include "Loans to bankrupt borrowers" and "Delinquent Loans".
 - Loans for restructuring are loans that provide certain concessions favorable to borrower with the intent of supporting the borrower's company restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing other benefits to the borrowers (excluding 1), 2) from above, and loans that are delinquent for over three months).

(Information) Status of Allowance and Secured amount

(100 Millions of Yen)

	As of March 31, 2006	As of March 31, 2007
Allowance for doubtful accounts (c)	399	321
General allowance for doubtful accounts	138	142
Specific allowance for doubtful accounts	260	179
Allowance for specific overseas loans	----	----
Coverage ratio for loans by borrower classification (c)/(a)	52.2%	50.2%
Coverage ratio for risk-managed loans (c)/(b)	52.2%	50.2%
Secured amount (d)	738	618
Amount secured by collateral and/or guarantee	495	462
Allowance for doubtful accounts	242	155
Total coverage ratio (d)/(a)	96.4%	96.3%

Note: The allowance for doubtful accounts used to calculate the total coverage ratio is the total amount of specific allowance for doubtful accounts and general allowance for substandard loans.

12. Breakdown of allowance for doubtful accounts

(Millions of Yen)

	As of March 31, 2006	As of March 31, 2007	Changes
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	13,882	14,249	366
(B) Specific allowance for doubtful accounts	26,070	17,934	- 8,136
(C) Allowance for specific overseas loans	-----	-----	-----
(2) Specific allowance for doubtful accounts			
(A) Provision	48,613	22,097	- 26,516
(B) Reversal	28,084	30,228	2,143
[excluding reversals with write-down]			
(C) Net provision	20,529	- 8,130	- 28,659
(3) Allowance for specific overseas loans			
(A) Number of debtor countries	-----	-----	-----
(B) Amounts of credit	-----	-----	-----
(C) Provision	-----	-----	-----
(D) Reversal	-----	-----	-----
(4) Write-down of loans	160	3	- 157

<Reference>

[Status of Borrower Classification]

(100 Millions of Yen, %)

	As of March 31, 2006		As of March 31, 2007	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances	99,991	100.0	97,267	100.0
(After direct write-off of category IV)				
Non-categorized	99,103	99.1	96,444	99.2
Category II	621	0.6	647	0.7
Category III	266	0.3	174	0.2
Category IV	----	----	----	----

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:

As of March 31, 2006, ¥23.8 billion ; as of March 31, 2007, ¥15.4 billion

2. The amounts of direct write-off of Category IV were as follows:

As of March 31, 2006, ¥22.5 billion ; as of March 31, 2007, ¥4.1 billion

13. Solvency Margin Ratio

(million yen)

	As of March 31, 2006	As of March 31, 2007
Solvency margin gross amount (A)	10,010,717	11,113,889
Foundation funds and other reserve funds	3,179,162	3,234,550
Total Net Assets	1,067,286	1,065,989
Reserve for price fluctuation of security investments	441,263	467,263
Contingency reserve	1,429,062	1,429,062
General allowance for doubtful accounts	13,882	14,249
Others	227,667	257,987
Net unrealized gain/loss on securities × 90%	5,790,220	6,458,287
Net unrealized gain/loss on real estate × 85% (× 100%, if a loss)	-82,971	164,166
Qualifying subordinated debt	----	----
Deductions	-2,332	-419
Others	1,126,638	1,257,304
Total amount of risk (B)	1,591,597	1,677,668
$\sqrt{R_1^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Underwriting risk R1	251,001	244,095
Anticipated yield risk R2	238,126	219,410
Investment risk R3	1,290,246	1,395,262
Business management risk R4	35,729	37,323
Minimum guarantee risk R7	7,114	7,408
Solvency margin ratio	1,257.9%	1,324.9%
$\frac{(A)}{(1/2) \times (B)} \times 100$		

- Note: 1. The aforementioned amounts and figures are calculated based on Article 86, Article 87 of the Enforcement Regulation of the Insurance Business Law, as well as the Ordinance No. 50 issued by the Ministry of Finance in 1996.
2. Due to revision of the Enforcement Regulation of the Insurance Business Law, the standard for calculating the total solvency margin amount was partially changed starting from the end of fiscal year 2006. (Figures for 2005 fiscal year-end has been calculated based on the previous standard method). The amount for total assets as of March 31, 2006 indicates the amount of total equity.
3. Total net assets records the figure after appropriation of surplus. Regarding fiscal 2006 year-end, gain/loss from valuation/conversion is subtracted from on-balance-sheet total net asset. Regarding fiscal 2005 year-end, net unrealized gain/loss on securities and gain/loss on land revaluation is subtracted from on-balance-sheet total equity.
4. The standard method is used for calculation of the amount equivalent to minimum guarantee risk.

(Information)

Policy reserve valuation method and ratio for individual insurance and annuities

	As of March 31, 2006	As of March 31, 2007
Policies subject to the standard policy reserve	Net level premium method	Net level premium method
Policies not subject to the standard policy reserve	Net level premium method	Net level premium method
Ratio (excluding contingency reserve)	100.0%	100.0%

- Notes: 1. Individual insurance and annuities are subject to valuation method and ratio. Policy reserves for group insurance and annuities are not included in the above figures due to the absence of an accumulation method.
2. For valuation ratio, policies subject to the standard policy reserve represent the ratio in accordance with the method, which the Prime Minister prescribed, by means of the ordinance No.48 issued by the Ministry of Finance in 1996. Policies not subject to the standard policy reserve represent the ratio for the reserve computed by the net level premium method and unearned premium.

14. Status of Separate Account for the Fiscal Year Ended March 31, 2007

(1) Balance of Separate Account Assets

(million yen)

	As of March 31, 2006	As of March 31, 2007
Individual variable insurance	189,054	185,609
Individual variable annuity	251,724	256,718
Group annuity	1,893,728	1,836,884
Separate account total	2,334,507	2,279,213

(2) Status of Separate Account for Individual Variable Insurance

A. Policies in Force

	As of March 31, 2006		As of March 31, 2007	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (term life)	3,683	20,063	3,394	18,205
Variable insurance (whole life)	41,510	701,083	40,553	672,814
Total	45,193	721,147	43,947	691,019

B. Breakdown of Separate Account Assets Year-End Balance (Individual Variable Insurance)

	As of March 31, 2006		As of March 31, 2007	
	Amount (million yen)	Composition ratio (%)	Amount (million yen)	Composition ratio (%)
Cash, deposits, and call loans	6,011	3.2	9,017	4.9
Securities	173,566	91.8	167,549	90.3
Domestic bonds	39,660	21.0	38,083	20.5
Domestic stocks	75,962	40.2	73,272	39.5
Foreign securities	57,943	30.6	56,193	30.3
Foreign bonds	17,512	9.3	17,345	9.3
Foreign stocks and other securities	40,431	21.4	38,848	20.9
Other securities	-----	-----	-----	-----
Loans receivable	-----	-----	-----	-----
Others	9,476	5.0	9,042	4.9
Allowance for doubtful accounts	-----	-----	-----	-----
Total	189,054	100.0	185,609	100.0

C. Investment Income from Separate Account (Individual Variable Insurance)

(million of yen)

	As of March 31, 2006	As of March 31, 2007
Interest, dividends, and other income	2,993	3,161
Gain on sales of securities	10,448	15,511
Gain on redemption of securities	-----	-----
Gain on valuation of securities	20,469	-7,673
Foreign exchange gain	17	26
Gain from derivative financial instruments	347	359
Other investment income	2	1
Loss on sales of securities	2,595	5,040
Loss from redemption of securities	19	22
Loss on valuation of securities	-1,473	-1,286
Foreign exchange loss	-----	-----
Loss from derivative financial instruments	-----	-----
Other investment expense	2	7
Net investment income	33,134	7,603

(3) Status of Separate Account for Individual Variable Annuities

A. Policies in Force

	As of March 31, 2006		As of March 31, 2007	
	Number of policies	Amount (million yen)	Number of policies	Amount (million yen)
Individual variable annuity	29,067	251,710	30,693	256,697

B. Breakdown of Separate Account Assets Year-End Balance (Individual variable annuities)

	As of March 31, 2006		As of March 31, 2007	
	Amount (million yen)	Composition ratio (%)	Amount (million yen)	Composition ratio (%)
Cash, deposits, and call loans	7,000	2.8	4,000	1.6
Securities	237,996	94.5	246,502	96.0
Domestic bonds	28,203	11.2	29,974	11.7
Domestic stocks	-----	-----	-----	-----
Foreign securities	-----	-----	-----	-----
Foreign bonds	-----	-----	-----	-----
Foreign stocks and other securities	-----	-----	-----	-----
Other securities	209,792	83.3	216,528	84.3
Loans receivable	-----	-----	-----	-----
Others	6,728	2.7	6,215	2.4
Allowance for doubtful accounts	-----	-----	-----	-----
Total	251,724	100.0	256,718	100.0

C. Investment Income from Separate Account (Individual variable annuity)

(million yen)

	As of March 31, 2006	As of March 31, 2007
Interest, dividends, and other income	6,032	7,896
Gain on sales of securities	54	45
Gain on redemption of securities	-----	-----
Gain on valuation of securities	35,184	-2,254
Foreign exchange gain	-----	-----
Gain from derivative financial instruments	-----	-----
Other income	0	0
Loss on sales of securities	74	102
Loss from redemption of securities	-----	-----
Loss on valuation of securities	-619	-88
Foreign exchange loss	-----	-----
Loss from derivative financial instruments	-----	-----
Other expense	-----	0
Net income	41,817	5,673

15. Status of the Company and Affiliates

(1) Selected Financial Data Which Represents the Company's Major Operations

(100 million yen)

	As of March 31, 2006	As of March 31, 2007
Total revenues	69,243	66,230
Operating income	4,298	3,445
Surplus in the current year	2,052	3,053
Total assets	508,312	521,599

(2) Information on the Scope of Consolidation and the Application of the Equity Method

	As of March 31, 2006	As of March 31, 2007
Number of consolidated subsidiaries	12	12
Number of non-consolidated subsidiaries accounted for under the equity method	0	0
Number of affiliates accounted for under the equity method	6	6

(3) Consolidated Balance Sheets

(million yen)

Assets:	As of March 31, 2006	As of March 31, 2007
Cash and deposits	1,048,805	948,672
Call loans	553,700	259,200
Monetary receivables purchased	1,391,624	1,334,680
Proprietary trading securities	2,099	2,099
Assets held in trust	177,038	195,593
Investments in securities	35,210,880	37,285,454
Loan receivables	9,994,705	9,706,754
Real estate and movables, net of accumulated depreciation	1,796,081	-----
Tangible fixed assets	-----	1,737,541
Intangible fixed assets	-----	150,725
Reinsurance receivables	465	306
Other assets	691,456	559,315
Deferred tax assets	4,869	6,432
Customers' liabilities for acceptances and guarantees	3,222	9,176
Allowance for doubtful accounts	-43,744	-35,980
Total assets	50,831,204	52,159,972

Liabilities:	As of March 31, 2006	As of March 31, 2007
Policy reserves and others:	40,962,304	41,892,298
Reserve for outstanding claims	230,431	248,136
Policy reserve	39,419,816	40,384,315
Reserve for dividends to policyholders	1,312,057	1,259,846
Agency account payable	28	25
Reinsurance payables	490	265
Other liabilities	2,033,700	1,672,194
Accrued bonus for directors and corporate auditors	103	103
Accrued severance indemnities	412,068	428,628
Accrued retirement benefit for directors	-----	5,805
Accrued loss from supporting closely related companies	603	552
Reserve for price fluctuations of security investments	441,263	467,263
Deferred tax liabilities	1,380,184	1,513,529
Deferred tax liabilities for land revaluation reserve	181,525	179,535
Acceptances and guarantees	3,222	9,176
Total liabilities	45,415,496	46,169,377

Minority interests:	10,305	-----
---------------------	--------	-------

Capital:	As of March 31, 2006	As of March 31, 2007
Foundation funds	300,000	-----
Reserve for redemption of foundation funds	600,000	-----
Reserve for revaluation	651	-----
Surplus	438,305	-----
Revaluation reserve for land, net tax	- 93,688	-----
Net unrealized gain on securities, net tax	4,171,825	-----
Cumulative translation adjustments	- 11,691	-----
Total capital	5,405,402	-----
Total liabilities, minority interests and capital	50,831,204	-----
Net assets:		
Foundation funds	-----	250,000
Reserve for redemption of foundation funds	-----	650,000
Reserve for revaluation	-----	651
Surplus	-----	501,357
Total equity	-----	1,402,008
Net unrealized gain on securities, net tax	-----	4,670,620
Deferred gain(loss) on derivatives under hedge accounting	-----	57
Land revaluation difference	-----	- 84,955
Cumulative translation adjustments	-----	- 7,615
Total valuation, conversion and others	-----	4,578,106
Minority interests	-----	10,479
Total net assets	-----	5,990,595
Total liabilities and net assets	-----	52,159,972

(4) Consolidated Statements of Profit and Loss

(million yen)

	As of March 31, 2006	As of March 31, 2007
Revenues:	6,924,367	6,623,010
Income from insurance and reinsurance premiums	4,866,096	4,879,630
Investment income:	1,684,781	1,423,462
Interest, dividends, and other income	1,053,305	1,168,241
Gain from proprietary trading securities	-----	83
Gain from assets held in trust, net	36,817	22,477
Gain on sales of securities	174,453	102,321
Gain from redemption of securities	6,528	46,455
Other investment income	25,397	1,704
Gain from separate accounts, net	388,277	82,180
Other revenues	373,489	319,917
Expenditures:	6,494,480	6,278,429
Insurance claims and other payments:	4,462,020	3,851,874
Death and other claims	1,410,107	1,218,441
Annuity payments	416,219	439,395
Health and other benefits	791,275	799,944
Surrender benefits	1,186,750	1,061,274
Other refunds	656,391	331,384
Reinsurance premiums	1,275	1,434
Provision for policy reserves:	662,903	1,019,150
Provision for claims reserves	-----	17,689
Provision for policy reserve	623,837	964,304
Interest on reserve for dividends to policyholders	39,066	37,156
Investment expenses:	310,110	300,694
Interest expenses	2,667	5,985
Loss on proprietary trading securities	9	-----
Loss on sales of securities	114,910	102,492
Loss on valuation of securities	9,195	12,944
Loss from redemption of securities	209	1,806
Loss from derivative financial instruments, net	97,879	129,611
Foreign exchange loss, net	4,879	1,290
Allowance for doubtful accounts	15,065	-----
Write-down of loans	656	314
Depreciation for rental real estate and other assets	27,861	26,249
Other investment expenses	36,776	19,998
Operating expenses	551,745	566,770
Other expenditures	507,700	539,939
Operating income	429,887	344,580
Extraordinary profits:	1,459	53,325
Gain on disposal of fixed assets	1,395	45,600
Reversal of allowance for doubtful accounts	-----	7,724
Others	64	-----
Extraordinary loss:	166,461	52,987
Loss on disposal of fixed assets	36,121	20,104
Impairment loss	77,807	5,389
Provision for reserve for price fluctuations	51,000	26,000
Loss on reduction entry of real estate	279	95
Others	1,252	1,398
Surplus before income tax	264,885	344,918
Corporate income tax - current	153,200	154,913
Corporate income tax - deferred	-94,431	-115,757
Minority interests	904	382
Surplus in the current year	205,212	305,380

(5) Statement of Changes in Net Assets (Stockowner's Equity)

(Millions of Yen)

	Foundation funds and others				
	Foundation funds	Reserve for redemption of foundation funds	Reserve for revaluation	Total Surplus	Total Foundation funds and others
Balance, March 31, 2006	300,000	600,000	651	438,305	1,338,956
Increase/Decrease					
Additions to reserve for dividends to policyholders				-179,929	-179,929
Additions to Reserve for redemption of foundation funds		50,000		-50,000	—
Interest on Foundation funds				-3,632	-3,632
Bonus for directors and corporate auditors				-0	-0
Net surplus				305,380	305,380
Redemption of Foundation funds	-50,000				-50,000
Reversal of Revaluation reserve for land				-8,766	-8,766
Net change, excluding Foundation funds and others					
Net change	-50,000	50,000	—	63,051	63,051
Balance, March 31, 2007	250,000	650,000	651	501,357	1,402,008

	Valuation, Conversion, and others					Minority interests	Total net assets
	Net unrealized gain on securities, net tax	Deferred gain(loss) on derivatives under hedge accounting	Land revaluation difference	Cumulative translation adjustments	Total valuation, conversion and others		
Balance, March 31, 2006	4,171,825	—	-93,688	-11,691	4,066,445	10,305	5,415,708
Increase/Decrease							
Additions to reserve for dividends to policyholders							-179,929
Additions to Reserve for redemption of foundation funds							—
Interest on Foundation funds							-3,632
Bonus for directors and corporate auditors							-0
Net surplus							305,380
Redemption of Foundation funds							-50,000
Reversal of Revaluation reserve for land							-8,766
Net change, excluding Foundation funds and others	498,794	57	8,732	4,075	511,660	174	511,835
Net change	498,794	57	8,732	4,075	511,660	174	574,886
Balance, March 31, 2007	4,670,620	57	-84,955	-7,615	4,578,106	10,479	5,990,595

(6) Status of Non-Performing Assets According to Borrower's Classification (Consolidated)

(100 Millions of Yen)

	As of March 31, 2006	As of March 31, 2007
Bankrupt and Quasi-Bankrupt Loans	136	134
Doubtful Loans	601	483
Substandard Loans	164	161
Subtotal (a)	902	779
(Percent of Total)	(0.69)	(0.58)
Normal Loans	130,143	133,579
Total	131,046	134,358

- Notes:
1. Bankrupt and quasi-bankrupt are non-performing assets and similar debt made to an obligor that has fallen into bankruptcy due to reasons including the start of bankruptcy proceedings, start of reorganization proceedings, an application to start rehabilitation proceedings.
 2. Doubtful are non-performing assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract, owing to difficulties in the financial condition and business performance of the obligor who has not yet entered bankruptcy.
 3. Substandard are delinquent loans past three months or more and restructured loans. Delinquent loans past three months or more are loans in arrears three months or more from the due date of interest or principal under terms of the related loan agreements. Restructured loans are loans where certain concessions favorable to borrowers, such as interest reduction or exemption, postponement of principal or interest payment, release of credit, and other methods, were made with the object of reconstructing and supporting the operations of borrowers.
 4. Normal are loans that do not fall under the classifications for 1) to 3) above, and where the obligor has no financial or business performance problems.

(7) Status of Risk-Managed Loans (Consolidated)

(100 million yen, %)

	As of March 31, 2006	As of March 31, 2007
Loans to bankrupt borrowers	42	45
Delinquent Loans	695	572
Loans that are delinquent for over three months	5	5
Loans for Restructuring	158	155
Total (b)	902	779
[Percent of total loans receivable](%)	(0.90)	(0.80)

- Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from the total loans) is directly deducted from total loan amount. The amount of loans to bankrupt borrowers and delinquent loans are ¥1.8 billion and ¥5 billion as of March 31, 2007; ¥2.6 billion and ¥24.1 billion as of March 31, 2006.
 2. Loans to bankrupt borrowers are loans of the following with principal and interest payments being long overdue and interests not being accrued: (a) Loans that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law, or Commercial Law, (b) loans that have notes suspended from being traded, and (c) loans that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws within loans to expecting repayment or collection of principal or interest.
 3. Delinquent loans are accrue interest off the-balance sheet, which excludes aforementioned items 1) and 2) and loans for restructuring.
 4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include "Loans to bankrupt borrowers" and "Delinquent Loans".
 5. Loans for restructuring are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's company restructuring, such as by reducing or exempting interests, postponing principal or interest payments, releasing credits, and providing other benefits to the borrowers (excluding 1), 2) from above, and loans that are delinquent for over three months).

(Information) Status of Allowance and Secured amount

(100 Millions of Yen)

	As of March 31, 2006	As of March 31, 2007
Allowance for doubtful accounts (c)	437	359
Coverage ratio for loans by borrower classification (c)/(a)	48.5%	46.2%
Coverage ratio for risk managed loans (c)/(b)	48.5%	46.2%
Secured amount (d)	875	755
Amount secured by collateral and/or guarantee	626	595
Allowance for doubtful accounts	248	160
Total coverage ratio (d)/(a)	97.0%	97.0%

- Note: The allowance for doubtful accounts used to calculate the total coverage ratio is the total amount of specific allowance for doubtful accounts and general allowance for substandard loans.

(8) Status of Insurance Claims Paying Ability of Insurance Subsidiaries (Solvency Margin Ratio)

<Nissay Dowa General Insurance Company, Limited>

(million yen)

	As of March 31, 2006	As of March 31, 2007
(A) Solvency Margin Gross Amount	620,603	632,801
Total net assets(excluding planned outflows, deferred assets and net unrealized gains/losses on securities)	156,810	159,996
Reserve for price fluctuations of investments in securities	5,752	6,384
Contingency Reserve	127,015	129,541
General allowance for doubtful accounts	161	72
Net unrealized gain/loss on securities (Prior to tax effect deductions)	285,894	289,693
Net unrealized gain/loss on real estate	4,732	5,054
Qualifying subordinated debt	---	---
Deductions	---	---
Others	40,235	42,058
(B) Total amount of risk	107,441	109,777
$\sqrt{R_1^2 + (R_2 + R_3)^2} + R_4 + R_5$		
Underwriting risk(R_1)	18,650	19,738
Anticipated yield risk(R_2)	623	607
Investment risk(R_3)	55,629	56,392
Business management risk(R_4)	2,413	2,474
Minimum guarantee risk(R_5)	45,764	46,982
(C)Solvency margin ratio	1,155.2%	1,152.8%
$\frac{(A)}{(1/2) \times (B)} \times 100$		

- Notes: 1. The aforementioned amounts and figures are calculated based on Article 86 and Article 87 of the Enforcement Regulation of the Insurance Business Law, as well as the Ordinance No. 50 issued by the Ministry of Finance in 1996.
2. Due to revision of the Enforcement Regulation of the Insurance Business Law, the standard for calculating the total solvency margin amount was partially changed starting from March 31, 2007. However, that change does not affect the Company. The amount for total assets as of March 31, 2006 indicates the amount of total equity.
3. Amount of total assets as of March 31, 2007 states figures calculated by deducting total valuation/exchange difference from on-balance total assets. Amount of total assets as of March 31, 2006 states figures calculated by deducting gain/loss on valuation of other securities and gain/loss on revaluation of land from on-balance total equity. (Figures as of March 31, 2006 were calculated after appropriation of surplus.)
4. The standard method is used for calculation of the amount equivalent to minimum guarantee risk.

(9) Segment Information

From fiscal year 2005 to fiscal year 2006, Nippon Life, its consolidated subsidiaries and its subsidiaries have engaged in businesses including the acquisition, management, sale, and mortgaging of real estate for lease other than life insurance business. Segment information is omitted due to its immaterial impact relative to all business segments.