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## Financial Results for the Year Ended March 31, 2008

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Nippon Life Insurance Company (President: Kunie Okamoto) announces financial results for the year ended March 31, 2008.

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Attached : Supplementary Materials for the Fiscal Year Ended March 31, 2008

The financial results of the Nippon Life Insurance Company (hereinafter "the Company") for the fiscal year ended March 31, 2008 will be submitted to the 61th annual representative policyholders' meeting for resolution on July 1, 2008. 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, 2007 |                                |                    |                                | As of March 31, 2008 |                                |                    |                                |
|----------------------|----------------------|--------------------------------|--------------------|--------------------------------|----------------------|--------------------------------|--------------------|--------------------------------|
|                      | Number of policies   |                                | Amount of policies |                                | Number of policies   |                                | Amount of policies |                                |
|                      | (thousands)          | Change from March 31, 2006 (%) | (100 million yen)  | Change from March 31, 2006 (%) | (thousands)          | Change from March 31, 2007 (%) | (100 million yen)  | Change from March 31, 2007 (%) |
| Individual insurance | 12,962               | 96.7                           | 2,229,606          | 93.8                           | 12,458               | 96.1                           | 2,061,750          | 92.5                           |
| Individual annuity   | 2,640                | 103.6                          | 169,655            | 103.1                          | 2,719                | 103.0                          | 171,250            | 100.9                          |
| Group insurance      | —                    | —                              | 843,969            | 101.1                          | —                    | —                              | 854,197            | 101.2                          |
| Group annuity        | —                    | —                              | 90,292             | 102.6                          | —                    | —                              | 90,430             | 100.2                          |

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

### New Policies

|                      | As of March 31, 2007           |                                      |                    |                            | As of March 31, 2008           |                                      |                    |                            |
|----------------------|--------------------------------|--------------------------------------|--------------------|----------------------------|--------------------------------|--------------------------------------|--------------------|----------------------------|
|                      | Number of policies (thousands) | Amount of policies (100 million yen) | Amount of policies |                            | Number of policies (thousands) | Amount of policies (100 million yen) | Amount of policies |                            |
|                      |                                |                                      | New policies       | Net increase by conversion |                                |                                      | New policies       | Net increase by conversion |
| Individual insurance | 1,037                          | 101,402                              | 105,056            | -3,654                     | 1,045                          | 53,186                               | 73,795             | -20,609                    |
| Individual annuity   | 193                            | 13,092                               | 13,187             | -94                        | 187                            | 11,320                               | 11,472             | -151                       |
| Group insurance      | —                              | 12,948                               | 12,948             |                            | —                              | 13,595                               | 13,595             |                            |
| Group annuity        | —                              | 10                                   | 10                 |                            | —                              | 64                                   | 64                 |                            |

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, 2007 |                                | As of March 31, 2008 |                                |
|---------------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
|                                       | As of March 31, 2007 | Change from March 31, 2006 (%) | As of March 31, 2008 | Change from March 31, 2007 (%) |
| Individual insurance                  | 26,648               | 97.9                           | 25,528               | 95.8                           |
| Individual annuity                    | 6,139                | 105.9                          | 6,396                | 104.2                          |
| Total                                 | 32,788               | 99.3                           | 31,924               | 97.4                           |
| Medical coverages and living benefits | 5,650                | 100.5                          | 5,686                | 100.6                          |

(New Policies)

(100 Million Yen, %)

|                                       | As of March 31, 2007 |                                | As of March 31, 2008 |                                |
|---------------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
|                                       | As of March 31, 2007 | Change from March 31, 2006 (%) | As of March 31, 2008 | Change from March 31, 2007 (%) |
| Individual insurance                  | 2,081                | 95.5                           | 1,579                | 75.9                           |
| Individual annuity                    | 645                  | 117.8                          | 540                  | 83.8                           |
| Total                                 | 2,726                | 100.0                          | 2,119                | 77.7                           |
| Medical coverages and living benefits | 502                  | 84.2                           | 480                  | 95.6                           |

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, 2007 |                                   | As of March 31, 2008 |                                   |
|--------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|
|                          |                      | Change from<br>March 31, 2006 (%) |                      | Change from<br>March 31, 2007 (%) |
| Premium and other income | 48,543               | 100.2                             | 48,900               | 100.7                             |
| Investment income        | 14,097               | 84.0                              | 13,526               | 96.0                              |
| Benefits and Claims      | 38,311               | 86.2                              | 42,129               | 110.0                             |
| Investment expense       | 2,963                | 101.6                             | 5,558                | 187.6                             |
| Operating income         | 3,306                | 74.5                              | 3,117                | 94.3                              |

**(4) Distribution of Surplus**

(100 Million Yen, %)

|                                     | As of March 31, 2007 |                                   | As of March 31, 2008 |                                  |
|-------------------------------------|----------------------|-----------------------------------|----------------------|----------------------------------|
|                                     |                      | Change from<br>March 31, 2006 (%) |                      | Change from<br>March 31, 2007(%) |
| Current year unappropriated surplus | 2,926                | 123.6                             | 2,813                | 96.1                             |
| Reserve for dividends to employees  | 2,396                | 133.2                             | 2,262                | 94.4                             |
| Net surplus after deduction         | 590                  | 102.3                             | 557                  | 94.4                             |

**(5) Total Assets**

(100 Million Yen, %)

|              | As of March 31, 2007 |                                   | As of March 31, 2008 |                                  |
|--------------|----------------------|-----------------------------------|----------------------|----------------------------------|
|              |                      | Change from March<br>31, 2006 (%) |                      | Change from<br>March 31, 2007(%) |
| Total assets | 518,419              | 102.6                             | 481,352              | 92.9                             |

## 2. Overview of General Accounts Asset Management for the Fiscal Year Ended March 31, 2008

### (1) Investment Environment

The Japanese economy in fiscal 2007 continued to expand gradually although decelerating at the end of the fiscal year. Corporate earnings remained high but became sluggish, while capital investment and consumer spending slowed.

- The Nikkei average rose against the backdrop of yen depreciation and high overseas stock prices. Subsequently, due to risk aversion from the subprime problem in the US and concerns over yen appreciation and the high price of crude oil, the average decreased by ¥4,762 year-on-year to ¥12,525 at the end of the fiscal year.
- The yield rate on 10-year government bonds temporarily rose to 2.0% with forecast of a rate-hike at year-start, but later continued to drop to 1.28% at the end of the fiscal year due to concerns over the slowdown of the US economy and uncertain direction of the Japanese economy.
- The yen was sold with relatively low interest rates at year-start, and exceeded ¥120 against the dollar. Accompanying concerns over the slowdown of the US economy and the large rate-cut, the yen appreciated significantly to ¥95 against the dollar for the first time in 13 years, and was ¥100.19 at fiscal year-end. The yen-euro rate was unstable with concerns over slowdown of the US economy, but the euro was the preferred currency due to the strong European economy, resulting in ¥158.19 yen against the euro at the end of the fiscal year.

### (2) Investment Summary

With the fall of domestic stock prices, our general account assets decreased by ¥3,287.6 billion compared to the end of fiscal year 2006, falling to ¥46,275.0 billion (6.6% decrease 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 and increased our foreign securities.

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

We positioned 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 securities, we shifted foreign bonds while paying careful attention to currency movement, and increased our balance of foreign bonds that hedge risk of exchange rate fluctuation when the exchange hedge cost was lower due to a smaller difference between internal and external rates.

### (3) Investment results

Interest and dividend income rose from bond interest and stock dividends, causing asset management related income to increase to ¥1,352.6 billion (¥1,328.2 billion in fiscal year 2006).

Asset management related costs were ¥289.8 billion, a decrease compared to last fiscal year, because of covering foreign securities valuation loss with financial derivative products by using yen appreciation (¥296.3 billion in fiscal year 2006).

As a result, our asset management result increased by ¥30.8 billion versus fiscal year 2006, reaching ¥1,062.7 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 that takes into account liability characteristics 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 and improving our 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 acceptable levels.

##### ■ 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, it is important to use the ALM (asset and liability management) approach as a basis for understanding the situation of liabilities that pay future insurance benefits (policy reserve) and investment assets, as well as for adjusting investment schedule. 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 company 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 2007, 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

- Allowance for “Normal” borrowers is provided under general allowance for doubtful accounts based on actual loan losses in the previous fiscal year.
- 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.  
Regarding corporate loans to “Substandard” borrowers, we distinguish between the portion that is not secured by collateral or guarantee and other, and calculate actual loan loss ratio.
- 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, 2007 |       | As of March 31, 2008 |       |
|--|----------------------|-------|----------------------|-------|
|  | Amount               | %     | Amount               | %     |
| Cash equivalents and call loans                    | 9,821                | 2.0   | 6,157                | 1.3   |
| Securities repurchased under resale agreements     | -----                | ---   | -----                | ---   |
| Deposit paid for securities borrowing transactions | -----                | ---   | -----                | ---   |
| Monetary receivables purchased                     | 13,346               | 2.7   | 13,793               | 3.0   |
| Proprietary trading securities                     | 20                   | 0.0   | -----                | ---   |
| Assets held in trust                               | 1,955                | 0.4   | 1,705                | 0.4   |
| Securities   | 351,887              | 71.0  | 323,242              | 69.9  |
| Domestic bonds                                     | 163,751              | 33.0  | 162,317              | 35.1  |
| Domestic stocks                                    | 112,954              | 22.8  | 82,657               | 17.9  |
| Foreign securities                                 | 71,788               | 14.5  | 75,244               | 16.3  |
| Foreign bonds                                      | 54,470               | 11.0  | 56,640               | 12.2  |
| Foreign stocks and other securities                | 17,317               | 3.5   | 18,604               | 4.0   |
| Other securities                                   | 3,392                | 0.7   | 3,022                | 0.7   |
| Loan receivable                                    | 97,267               | 19.6  | 95,533               | 20.6  |
| Policy loans                                       | 12,094               | 2.4   | 11,392               | 2.5   |
| Industrial and consumer loans                      | 85,172               | 17.2  | 84,141               | 18.2  |
| Real estate  | 16,434               | 3.3   | 16,539               | 3.6   |
| Investment property                                | 10,097               | 2.0   | 10,253               | 2.2   |
| Deferred tax assets                                | -----                | ---   | -----                | ---   |
| Other assets                                       | 5,214                | 1.1   | 6,128                | 1.3   |
| Allowance for doubtful accounts                    | - 321                | - 0.1 | - 349                | - 0.1 |
| Total assets (General account)                     | 495,626              | 100.0 | 462,750              | 100.0 |
| Foreign currency dominated assets                  | 67,862               | 13.7  | 67,606               | 14.6  |

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, 2007, ¥925 billion; as of March 31, 2008, ¥573.1 billion)

2. Real estate is the total of land, buildings, and construction in progress.

#### (2) Increases / Decreases in Assets

(100 Million Yen)

|  | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
|  | Amount               | Amount               |
| Cash equivalents and call loans                    | -3,774               | -3,664               |
| Securities repurchased under resale agreements     | -----                | -----                |
| Deposit paid for securities borrowing transactions | -----                | -----                |
| Monetary receivables purchased                     | -569                 | 446                  |
| Proprietary trading securities                     | -0                   | -20                  |
| Assets held in trust                               | 185                  | -250                 |
| Securities   | 20,820               | -28,645              |
| Domestic bonds                                     | 5,314                | -1,433               |
| Domestic stocks                                    | 8,105                | -30,296              |
| Foreign securities                                 | 7,538                | 3,456                |
| Foreign bonds                                      | 4,794                | 2,169                |
| Foreign stocks and other securities                | 2,744                | 1,286                |
| Other securities                                   | -139                 | -370                 |
| Loan receivable                                    | -2,724               | -1,733               |
| Policy loans                                       | -539                 | -702                 |
| Industrial and consumer loans                      | -2,184               | -1,030               |
| Real estate  | -431                 | 104                  |
| Investment property                                | -318                 | 156                  |
| Deferred tax assets                                | -----                | -----                |
| Other assets                                       | -36                  | 913                  |
| Allowance for doubtful accounts                    | 77                   | -27                  |
| Total assets (General account)                     | 13,546               | -32,876              |
| Foreign currency dominated assets                  | 5,122                | -256                 |

Note: 1. Increases/decreases in cash received as collateral under securities lending contracts are as follows:  
(As of March 31, 2007 ¥-186 billion; as of March 31, 2008, ¥-351.9 billion)

2. Real estate is the total of land, buildings, and construction in progress.

## (3) Investment Income

(100 Million Yen)

|  | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
| Interest, dividend, and other income                 | 11,563               | 12,345               |
| Interest on deposits and savings                     | 12                   | 25                   |
| Interest on securities and dividends                 | 8,252                | 8,988                |
| Interest on loan receivables                         | 2,040                | 2,012                |
| Rent income on real estate                           | 1,027                | 1,012                |
| Other income   | 230                  | 305                  |
| Gain on investment of proprietary trading securities | 0                    | 0                    |
| Gain on investment of assets held in trust           | 221                  | -----                |
| Gain on sale of securities                           | 1,017                | 1,069                |
| Gain on sale of domestic bonds                       | 15                   | 66                   |
| Gain on sale of domestic stocks and other securities | 740                  | 280                  |
| Gain on sale of foreign securities                   | 261                  | 722                  |
| Other gain   | 0                    | -----                |
| Gain on redemption of securities                     | 464                  | 101                  |
| Other investment income                              | 15                   | 9                    |
| Total  | 13,282               | 13,526               |

## (4) Investment Expenses

(100 Million Yen)

|  | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
| Interest expense                                     | 53                   | 60                   |
| Loss on investment of assets held in trust           | -----                | 214                  |
| Loss on sale of securities                           | 1,023                | 932                  |
| Loss on sale of domestic bonds                       | 776                  | 265                  |
| Loss on sale of domestic stocks and other securities | 46                   | 22                   |
| Loss on sale of foreign securities                   | 199                  | 645                  |
| Other loss   | 0                    | -----                |
| Loss on valuation of securities                      | 118                  | 392                  |
| Loss on valuation of domestic bonds                  | -----                | -----                |
| Loss on valuation of domestic stocks                 | 114                  | 124                  |
| Loss on valuation of foreign securities              | 4                    | 268                  |
| Other loss   | -----                | 0                    |
| Loss on redemption of securities                     | 18                   | 29                   |
| Loss on derivative financial instruments, net        | 1,273                | 637                  |
| Foreign exchange loss, net                           | 12                   | 121                  |
| Provision for allowance for doubtful account         | -----                | 48                   |
| Write down of loan                                   | 0                    | -----                |
| Depreciation for rental real estate and other assets | 262                  | 273                  |
| Other investment expense                             | 201                  | 189                  |
| Total  | 2,963                | 2,898                |

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, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
| Cash equivalents and call loans                    | 0.23                 | 0.55                 |
| Securities repurchased under resale agreements     | -----                | -----                |
| Deposit paid for securities borrowing transactions | 0.23                 | -----                |
| Monetary receivables purchased                     | 1.10                 | 1.87                 |
| Proprietary trading securities                     | 0.34                 | 0.57                 |
| Assets held in trust                               | 13.22                | -11.39               |
| Securities   | 2.82                 | 2.68                 |
| Domestic bonds                                     | 1.37                 | 1.79                 |
| Domestic stocks                                    | 4.14                 | 3.70                 |
| Foreign securities                                 | 5.07                 | 4.08                 |
| Foreign bonds                                      | 4.25                 | 3.26                 |
| Foreign stocks and other                           | 8.25                 | 6.95                 |
| Loans receivable                                   | 2.04                 | 2.04                 |
| Industrial and consumer loans                      | 1.63                 | 1.63                 |
| Real estate  | 3.48                 | 3.45                 |
| Investment property                                | 5.62                 | 5.56                 |
| General Account total                              | 2.41                 | 2.45                 |
| Overseas investment                                | 4.81                 | 3.66                 |

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 Million Yen)

|  | Year ended March 31, 2007 | Year ended March 31, 2008 |
|--|---------------------------|---------------------------|
| Cash equivalents and call loans                    | 7,383                     | 7,365                     |
| Securities repurchased under resale agreements     | -----                     | -----                     |
| Deposit paid for securities borrowing transactions | 627                       | -----                     |
| Monetary receivables purchased                     | 16,775                    | 13,514                    |
| Proprietary trading securities                     | 243                       | 12                        |
| Assets held in trust                               | 1,672                     | 1,885                     |
| Securities   | 272,719                   | 284,426                   |
| Domestic bonds                                     | 159,535                   | 161,569                   |
| Domestic stocks                                    | 48,309                    | 49,732                    |
| Foreign securities                                 | 61,549                    | 69,857                    |
| Foreign bonds                                      | 49,017                    | 54,263                    |
| Foreign stocks and other                           | 12,532                    | 15,593                    |
| Loans receivable                                   | 99,693                    | 95,955                    |
| Industrial and consumer loans                      | 87,321                    | 84,255                    |
| Real estate  | 16,834                    | 16,448                    |
| Investment property                                | 10,414                    | 10,131                    |
| General Account total                              | 428,858                   | 434,299                   |
| Overseas investment                                | 72,621                    | 78,017                    |

## (6) Net Valuation Gains/Losses of Trading Securities

(100 Million Yen)

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

  

|                    | As of March 31, 2008 |                            |
|--------------------|----------------------|----------------------------|
|                    | Carrying value       | Net valuation gains/losses |
| Trading securities | 1,694                | -447                       |

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 do not include cash equivalents and call loans.

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

(100 Million Yen)

|  | 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     |

|  | As of March 31, 2008 |              |           |           |        |
|--|----------------------|--------------|-----------|-----------|--------|
|  | Book value           | Market value | Gain/loss | Gain/loss |        |
|  |                      |              |           | Gain      | Loss   |
| Policy-reserve-matching bonds              | 171,474              | 177,527      | 6,053     | 6,255     | -202   |
| Held-to-maturity debt securities           | 400                  | 401          | 1         | 1         | -0     |
| Investments in subsidiaries and affiliates | 544                  | 705          | 160       | 160       | ----   |
| Other securities                           | 121,689              | 157,452      | 35,763    | 38,663    | -2,899 |
| Domestic bonds                             | 3,350                | 3,385        | 34        | 35        | -0     |
| Domestic stocks                            | 47,962               | 80,008       | 32,046    | 33,634    | -1,587 |
| Foreign securities                         | 61,373               | 65,167       | 3,794     | 4,976     | -1,181 |
| Foreign bonds                              | 51,436               | 54,467       | 3,030     | 3,282     | -251   |
| Foreign stocks and other securities        | 9,936                | 10,700       | 763       | 1,693     | -930   |
| Other securities                           | 2,881                | 2,768        | -112      | 16        | -129   |
| Monetary receivables purchased             | 3,041                | 3,041        | 0         | 0         | -0     |
| Negotiable deposits                        | 3,080                | 3,080        | 0         | 0         | -0     |
| Total                                      | 294,108              | 336,087      | 41,979    | 45,081    | -3,102 |
| Domestic bonds                             | 162,283              | 168,023      | 5,740     | 5,886     | -146   |
| Domestic stocks                            | 48,506               | 80,714       | 32,207    | 33,794    | -1,587 |
| Foreign securities                         | 63,563               | 67,320       | 3,756     | 4,987     | -1,231 |
| Foreign bonds                              | 53,627               | 56,619       | 2,992     | 3,293     | -301   |
| Foreign stocks and other securities        | 9,936                | 10,700       | 763       | 1,693     | -930   |
| Other securities                           | 2,881                | 2,768        | -112      | 16        | -129   |
| Monetary receivables purchased             | 13,792               | 14,180       | 387       | 395       | -7     |
| Negotiable deposits                        | 3,080                | 3,080        | 0         | 0         | -0     |

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

## ○ Book Value of Securities Without Market Value

(100 Million Yen)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Policy-reserve-matching bonds                               | -----                | -----                |
| Held-to-maturity debt securities                            | -----                | -----                |
| Unlisted foreign bonds                                      | -----                | -----                |
| Other   | -----                | -----                |
| Investments in subsidiaries and affiliates                  | 2,957                | 2,941                |
| Other securities  | 5,296                | 7,388                |
| Unlisted domestic stocks(excluding over-the-counter-stocks) | 1,688                | 1,718                |
| Unlisted foreign stocks(excluding over-the-counter-stocks)  | 2,256                | 4,106                |
| Unlisted foreign bonds                                      | -----                | -----                |
| Other   | 1,351                | 1,564                |
| Total   | 8,254                | 10,329               |

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, 2007, ¥7 billion; as of March 31, 2008, ¥53.2 billion.

**(8) Market Value Information of Assets Held In Trust**

(100 Million Yen)

|                      | 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        | -----                       | -----  | ----- |

|                      | As of March 31, 2008             |              |                             |        |       |
|----------------------|----------------------------------|--------------|-----------------------------|--------|-------|
|                      | Carrying value on balance sheets | Market value | Net unrealized gains/losses |        |       |
|                      |                                  |              | Gains                       | Losses |       |
| Assets held in trust | 1,705                            | 1,705        | -----                       | -----  | ----- |

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

|                                     | As of March 31, 2008             |                            |
|-------------------------------------|----------------------------------|----------------------------|
|                                     | Carrying value on balance sheets | Net valuation gains/losses |
| Assets held in trust for investment | 1,705                            | -447                       |

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, 2007 and as of March 31, 2008.

<Reference>

○ Appraisal value of real estate

(100 Million Yen)

|                     | 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 |

|                     | As of March 31, 2008             |                                |                               |               |       |
|---------------------|----------------------------------|--------------------------------|-------------------------------|---------------|-------|
|                     | Carrying value on balance sheets | Market value (appraisal value) | Net unrealized gains/losses ① | Revaluation ② | ①+②   |
| Land and leaseholds | 11,673                           | 14,289                         | 2,616                         | 883           | 3,500 |

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, 2008

|                          |          | 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  | 12,446                         | 2,061,638                | -----                          | -----                    | 28,092                         | 854,055                  | 40,539                         | 2,915,694                |
|                          | Disaster | 7,490                          | 394,822                  | 177                            | 3,430                    | 3,392                          | 41,222                   | 11,060                         | 439,475                  |
|                          | Others   | 296                            | 3,704                    | -----                          | -----                    | 85                             | 1,449                    | 381                            | 5,154                    |
| Pure endowment           |          | 12                             | 111                      | 2,719                          | 171,250                  | 11                             | 142                      | 2,742                          | 171,504                  |
| Hospitalization coverage | Disaster | 8,672                          | 523                      | 373                            | 16                       | 1,801                          | 21                       | 10,846                         | 561                      |
|                          | Illness  | 8,606                          | 514                      | 368                            | 16                       | -----                          | -----                    | 8,975                          | 531                      |
|                          | Others   | 12,886                         | 742                      | 134                            | 4                        | 67                             | 0                        | 13,087                         | 747                      |
| Disability coverage      |          | 8,382                          | -----                    | 87                             | -----                    | 3,175                          | -----                    | 11,645                         | -----                    |
| Surgical coverage        |          | 13,662                         | -----                    | 370                            | -----                    | -----                          | -----                    | 14,033                         | -----                    |

|                | 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 | 17,222                         | 90,430                   | 247  | 4,758                    | 17,470                         | 95,188                   |

|                          | Medical care insurance         |                          |
|--------------------------|--------------------------------|--------------------------|
|                          | Number of policies (thousands) | Amount (100 million yen) |
| Hospitalization coverage | 886                            | 25                       |

|                            | Disability income insurance    |                              |
|----------------------------|--------------------------------|------------------------------|
|                            | Number of policies (Thousands) | Amount (100 millions of Yen) |
| Disability income coverage | 52                             | 37                           |

- 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 the annuity payments for policies bound prior to the start of the annuity payments, and (b) policy reserves for policies bound after the start of the 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 20 thousand people and 21.9 billion yen, respectively.

## 5. Balance Sheets

(Million Yen)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
|   | Amount               | Amount               |
| <b>Assets:</b>                                      |                      |                      |
| Cash and deposits                                   | 806,112              | 500,625              |
| Cash  | 3,655                | 3,053                |
| Deposits  | 802,456              | 497,572              |
| Call loans  | 259,200              | 196,100              |
| Monetary receivables purchased                      | 1,334,680            | 1,379,371            |
| Proprietary trading securities                      | 2,099                | —                    |
| Assets held in trust                                | 195,592              | 170,507              |
| Investments in securities                           | 37,330,243           | 34,003,765           |
| National government bonds                           | 11,670,238           | 11,592,242           |
| Local government bonds                              | 1,828,531            | 1,654,734            |
| Corporate bonds                                     | 3,460,230            | 3,514,354            |
| Domestic stocks                                     | 12,025,649           | 8,762,375            |
| Foreign securities                                  | 7,783,690            | 7,994,217            |
| Other securities                                    | 561,903              | 485,842              |
| Loan receivables                                    | 9,726,702            | 9,553,389            |
| Policy loans  | 1,209,475            | 1,139,246            |
| Industrial and consumer loans                       | 8,517,226            | 8,414,143            |
| Tangible fixed assets                               | 1,663,673            | 1,675,293            |
| Land  | 1,068,970            | 1,080,571            |
| Buildings   | 568,518              | 560,924              |
| Construction in progress                            | 5,937                | 12,420               |
| Other tangible fixed assets                         | 20,246               | 21,376               |
| Intangible fixed assets                             | 142,515              | 153,520              |
| Software  | 46,742               | 55,376               |
| Other intangible fixed assets                       | 95,773               | 98,144               |
| Reinsurance receivables                             | 306                  | 614                  |
| Other assets  | 404,850              | 529,146              |
| Accounts receivable                                 | 72,301               | 112,580              |
| Prepaid expense                                     | 8,281                | 7,992                |
| Accrued revenue                                     | 243,046              | 243,876              |
| Money on deposit                                    | 46,353               | 46,070               |
| Deposit for futures transaction                     | 502                  | 332                  |
| Futures transactions margin account                 | 1                    | —                    |
| Financial derivative instruments                    | 3,324                | 80,979               |
| Suspense  | 9,694                | 15,524               |
| Other assets  | 21,344               | 21,789               |
| Customers' liability for acceptances and guarantees | 8,109                | 7,900                |
| Allowance for doubtful accounts                     | -32,183              | -34,944              |
| <b>Total assets</b>                                 | <b>51,841,901</b>    | <b>48,135,290</b>    |

## 5. Balance Sheets (Continued)

(Million Yen)

|  | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
|  | Amount               | Amount               |
| <b>Liabilities :</b>   |                      |                      |
| Policy reserves and others                                       | 41,887,258           | 42,209,823           |
| Reserve for outstanding claims                                   | 244,911              | 236,957              |
| Policy reserve   | 40,382,501           | 40,739,597           |
| Reserve for dividends to policyholders                           | 1,259,846            | 1,233,268            |
| Reinsurance payables   | 265                  | 339                  |
| Other liabilities  | 1,523,815            | 1,190,476            |
| Cash received as collateral under security lending contracts     | 925,059              | 573,106              |
| Loans payable  | 129                  | 422                  |
| Corporate income tax payable                                     | 53,680               | 26,649               |
| Accounts payable   | 198,693              | 259,578              |
| Accrued expenses   | 59,872               | 56,366               |
| Deferred income  | 20,256               | 21,341               |
| Deposits received  | 107,427              | 103,636              |
| Guarantee deposits received                                      | 99,434               | 103,059              |
| Futures transactions margin account                              | 549                  | 906                  |
| Financial derivative instruments                                 | 46,222               | 27,999               |
| Suspense receipt   | 9,418                | 9,538                |
| Other liabilities  | 3,069                | 7,870                |
| Accrued bonus for directors and corporate auditors               | 103                  | 94                   |
| Accrued severance indemnities                                    | 427,256              | 433,771              |
| Accrued retirement benefit for directors                         | 5,691                | 5,801                |
| Accrued loss from supporting closely related companies           | 552                  | 515                  |
| Reserve for price fluctuations of security investments           | 467,263              | 487,263              |
| Deferred tax liabilities   | 1,510,382            | 138,242              |
| Deferred tax liabilities for land revaluation reserve            | 179,535              | 177,283              |
| Acceptances and guarantees                                       | 8,109                | 7,900                |
| <b>Total liabilities</b>   | <b>46,010,233</b>    | <b>44,651,511</b>    |
| <b>Net assets :</b>  |                      |                      |
| Foundation funds   | 250,000              | 200,000              |
| Reserve for redemption of foundation funds                       | 650,000              | 700,000              |
| Reserve for revaluation  | 651                  | 651                  |
| Surplus :  | 408,143              | 395,742              |
| Legal reserve for deficiency                                     | 8,123                | 9,020                |
| Voluntary surplus reserve  | 400,020              | 386,722              |
| Deficiency reserve   | 71,917               | 71,917               |
| Reserve for retirement benefit                                   | 3,500                | —                    |
| Reserve for assisting social public welfare                      | 648                  | 1,221                |
| Reserve for condensed booking of fixed assets for tax purpose    | 29,261               | 32,082               |
| Reserve for condensed booking of fixed assets, not purchased yet | 1,908                | —                    |
| Other reserves   | 170                  | 170                  |
| Unappropriated surplus   | 292,615              | 281,332              |
| Total equity   | 1,308,795            | 1,296,394            |
| Net unrealized gains on securities, net tax                      | 4,607,770            | 2,276,167            |
| Deferred gain on derivatives under hedge accounting              | 57                   | 155                  |
| Land revaluation difference                                      | -84,955              | -88,938              |
| Total valuation, conversion and others                           | 4,522,873            | 2,187,384            |
| <b>Total net assets</b>  | <b>5,831,668</b>     | <b>3,483,778</b>     |
| <b>Total liabilities and net assets</b>                          | <b>51,841,901</b>    | <b>48,135,290</b>    |

## 6. Statements of Profit and Loss

(Million Yen)

|  | Year ended March 31, | Year ended March 31, |
|--|----------------------|----------------------|
|  | 2007                 | 2008                 |
|  | Amount               | Amount               |
| Revenues:  | 6,514,099            | 6,509,497            |
| Income from insurance and reinsurance premiums       | 4,854,303            | 4,890,087            |
| Insurance premiums                                   | 4,853,646            | 4,889,029            |
| Reinsurance premiums                                 | 657                  | 1,058                |
| Investment income                                    | 1,409,724            | 1,352,633            |
| Interest, dividends, and other income                | 1,156,348            | 1,234,533            |
| Interest on deposits and savings                     | 1,201                | 2,592                |
| Interest/dividends on securities                     | 825,239              | 898,898              |
| Interest on loan receivables                         | 204,064              | 201,242              |
| Rent on real estate                                  | 102,765              | 101,256              |
| Other Interest/dividends                             | 23,077               | 30,542               |
| Gain from proprietary trading securities             | 83                   | 7                    |
| Gain from assets held in trust                       | 22,108               | ----                 |
| Gain on sales of securities                          | 101,722              | 106,977              |
| Gain from redemption of securities                   | 46,455               | 10,153               |
| Other investment income                              | 1,500                | 962                  |
| Gain from separate accounts, net                     | 81,506               | ----                 |
| Other revenues                                       | 250,071              | 266,776              |
| Income from annuity riders                           | 6,039                | 6,388                |
| Income from deferred benefits                        | 225,138              | 234,872              |
| Reversal of policy reserve for outstanding claims    | ----                 | 7,953                |
| Other revenues                                       | 18,894               | 17,560               |
| Expenditures :                                       | 6,183,492            | 6,197,782            |
| Insurance claims and other payments:                 | 3,831,149            | 4,212,938            |
| Death and other claims                               | 1,218,010            | 1,394,957            |
| Annuity payments                                     | 439,395              | 475,766              |
| Health and other benefits                            | 779,972              | 822,921              |
| Surrender benefits                                   | 1,061,274            | 1,166,937            |
| Other refunds  | 331,384              | 350,997              |
| Reinsurance premiums                                 | 1,113                | 1,356                |
| Provision for policy reserves                        | 1,019,183            | 392,266              |
| Provision for claims reserves                        | 17,689               | ----                 |
| Provision for policy reserves                        | 964,337              | 357,096              |
| Interest on reserve for dividends to policyholders   | 37,156               | 35,170               |
| Investment Expenses                                  | 296,342              | 555,846              |
| Interest expense                                     | 5,333                | 6,007                |
| Loss from proprietary trading securities             | ----                 | 21,483               |
| Loss on sales of securities                          | 102,305              | 93,274               |
| Loss on valuation of securities                      | 11,861               | 39,211               |
| Loss from redemption of securities                   | 1,802                | 2,950                |
| Loss from derivative financial instruments, net      | 127,398              | 63,729               |
| Foreign exchange loss, net                           | 1,273                | 12,158               |
| Allowance for doubtful accounts                      | ----                 | 4,814                |
| Write-down of loans                                  | 3                    | ----                 |
| Depreciation for rental real estate and other assets | 26,249               | 27,331               |
| Other investment expenses                            | 20,114               | 18,909               |
| Loss from separate accounts, net                     | ----                 | 265,975              |
| Operating expenses                                   | 547,501              | 552,888              |
| Other expenditures                                   | 489,314              | 483,842              |
| Deferred benefit payments                            | 384,946              | 390,080              |
| Tax  | 35,223               | 34,758               |
| Depreciation   | 39,261               | 39,235               |
| Provision for accrued severance indemnities          | 16,382               | 6,515                |
| Other expenditures                                   | 13,500               | 13,252               |
| Operating income                                     | 330,606              | 311,714              |
| Extraordinary profits :                              | 46,162               | 1,200                |
| Gain on disposal of fixed assets                     | 38,398               | 1,200                |
| Reversal of allowance for doubtful accounts          | 7,764                | -                    |
| Extraordinary loss :                                 | 52,461               | 32,907               |
| Loss on disposal of fixed assets                     | 19,870               | 7,222                |
| Impairment loss                                      | 5,389                | 4,630                |
| Provision for reserve of security price fluctuations | 26,000               | 20,000               |
| Loss on reduction entry of real estate               | 95                   | 128                  |
| Contribution for assisting social public welfare     | 1,107                | 927                  |
| Surplus before income tax                            | 324,307              | 280,007              |
| Income tax - current                                 | 141,201              | 103,331              |
| Income tax - deferred                                | -117,168             | -99,765              |
| Surplus in the current year                          | 300,274              | 276,441              |

## Basis of Presenting the Non-Consolidated Financial Statements

1. Proprietary trading securities and securities (including items treated as securities based on “financial product accounting standards” (Corporate Accounting Standards #10) and securities within assets held in trust of deposits and monetary receivables purchased) 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 paragraph 12 of the Insurance Business Law excluding subsidiaries prescribed in Article 2-3 paragraph 2 of the Ordinance of the Insurance Business Law, and stocks issued by affiliates prescribed in Article 2-3 paragraph 3 of the Ordinance of the Insurance Business Law) are valued using the moving average method.
  - (5) Available-for-sale 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 JICPA.

The book value and market value of policy-reserve-matching bonds as of March 31, 2008 amounted to ¥17,145,681 million and ¥17,752,748 million, respectively.

3. Derivative financial instruments are stated at market value.

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

Accompanying fiscal year 2007 tax reforms, from this fiscal year, tangible fixed assets acquired on or after April 1, 2007 are depreciated after adjustment based on the declining-balance method and straight-line method set forth in corporate tax law. As a result, compared to the past method, ordinary income and pre-tax net surplus decreased by ¥543 million.

Also, in accordance with the tax reforms, described above, the residual balances of the tangible assets acquired prior to April 1, 2007, which are fully depreciated under the former tax regulation, are depreciated over 5 years by straight line method. As a result, the compared to the past method, ordinary income and pre-tax net surplus decreased by ¥2,131 million.

- (2) The amount of accumulated depreciation for tangible fixed assets is ¥1,020,746 million as of March 31, 2008.

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 tax effected and 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 clauses 2-1 and 2-4, respectively, which are the laws regarding land revaluation. |

6. Software, which is included within intangible fixed assets, is 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 for loans receivable from 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 collateral or execution of guarantees from the balance of loans receivable (as mentioned at (3) below).
    - ② The allowance for loans receivable from 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 loans receivable from 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 in the 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 ¥4,863 million (including ¥4,165 million of credits secured and/or guaranteed) as of March 31, 2008.

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, 2008 :

|                                       | Million Yen             |
|---------------------------------------|-------------------------|
|                                       | As of March 31,<br>2008 |
| a. Retirement Benefit Obligation      | ¥(786,927)              |
| b. Pension Plan Asset                 | 301,272                 |
| c. Accrued Retirement Benefit Costs   | (485,654)               |
| d. Unrecognized Actuarial Differences | 66,293                  |
| e. Unrecognized Past Service Cost     | (14,410)                |
| f. Accrued Severance Indemnities      | ¥(433,771)              |

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 an estimated payment amount based on internal rules.
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. Hedge accounting is calculated by following method.

(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.

(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 5 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.

Since the last period, additional amounts to the policy reserves were to be made over 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69 paragraph 5 of the Enforcement Ordinance of the Insurance Business Law. As a result of the adoption of the treatment, the policy reserve is ¥226,074 million as of March 31, 2008

18. Effective this year, due to revision of the Insurance Business Law Enforcement Ordinance, resignation benefit for directors is recorded as retirement benefit for directors.
19. (1)The total amount of loans of bankrupt borrowers, delinquent loans, loans that are delinquent for over 3 months and loans for restructuring, which were included in loans receivable, is ¥62,444 million as of March 31, 2008.
- ① The balances of loans of bankrupt borrowers and delinquent loans are ¥3,372 million and ¥53,148 million as of March 31, 2008.  
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 balance of loans that are delinquent for over 3 months were ¥435 million as of March 31,2008.  
Loans that are delinquent for over 3 months are loans with principal or interest unpaid for over 3 months beginning one day after the due date based on the loan agreement.
- ③ The balance of loans for restructuring, were ¥5,488 million as of March 31, 2008.  
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) The direct write-down of loans receivable decreased balances of loans of bankrupt borrowers and delinquent loans by ¥1,112 million, ¥3,750 million as of March 31, 2008.

20. Total assets within the Separate Accounts as provided for in Article 118 paragraph 1 of the Insurance Business Law are ¥1,860,271 million as of March 31, 2008. The liabilities amount is the same as the above.

21. The total amount of credits and debits to subsidiaries are ¥190,253 million and ¥12,465 million, as of March 31, 2008.

22. Changes in the reserve for dividends to policyholders included in policy reserves for the period ended March 31, 2008 is as follows:

|   | <u>Million Yen</u>     |
|---|------------------------|
|   | <u>As of March 31,</u> |
|   | <u>2008</u>            |
| Balance at the end of previous fiscal year                | ¥1,259,846             |
| Transfer to reserves from surplus in previous fiscal year | 239,686                |
| Policyholders dividends paid out in the current period    | (301,434)              |
| Increase in interest                                      | 35,170                 |
| Balance at the end of fiscal year                         | <u>¥1,233,268</u>      |

23. The amount of assets pledged as collateral by securities, land, and buildings is ¥617,845 million, ¥2,952 million, and ¥335 million, respectively. The total amount of loans covered by the aforementioned assets is ¥581,064 million as of March 31, 2008.

These amounts included ¥566,028 million of securities deposited and ¥580,977 million of cash received as collateral, under the securities lending contracts secured by cash, as of March 31, 2008

24. 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.

25. The total amount of stocks and investments in subsidiaries is ¥348,555 million as of March 31, 2008.
26. The amount of securities loaned for consumption is ¥2,312,680 million as of March 31, 2008.
27. The amount of commitments related to loan receivables and loans outstanding is ¥131,343 million as of March 31, 2008.
28. (1) 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, were completed. The contribution amount is recognized as operating expense at the time of payment.
- (2) The amount of future contributions of Nippon Life to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Law, is estimated to be ¥94,127 million as of March 31, 2008. The contribution amount is also recognized as operating expense at the time of payment.

29. Deferred Tax Assets and liabilities

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

|   | Million Yen     |
|---|-----------------|
|   | As of March 31, |
|   | 2008            |
| Deferred tax assets                         | ¥1,275,192      |
| Valuation allowance for deferred tax assets | (72,078)        |
|   | 1,203,114       |
| Deferred tax liabilities                    | (1,341,357)     |
| Net deferred tax assets (liabilities)       | ¥(138,243)      |

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

|   | Million Yen     |
|---|-----------------|
|   | As of March 31, |
| Deferred tax assets:                          | 2008            |
| Policy reserves                               | ¥830,636        |
| Reserve for price fluctuations of investments | 175,936         |
| Accrued severance indemnities                 | 156,622         |
| Allowance for doubtful accounts               | 13,426          |
|   |                 |
| Deferred tax liabilities:                     |                 |
| Net unrealized gains on securities            | 1,293,482       |

(2)The statutory tax rate for the years ended March 31, 2008 was 36.1%. The major difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2008 is – 29.2 % for the reserve for dividends to policyholders, respectively, and – 4.0% for indirect foreign tax credit.

30. The amount of policy reserves provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Enforcement Regulation of the Insurance Business Law as of March 31, 2008 is ¥188 million.

31. The amount per Article 30, Paragraph 2 of the Enforcement Regulation of the Insurance Business Law as of March 31, 2008 is ¥2,276,974 million.

## Notes to the Non-Consolidated Statement of Operations

1. The total revenue and expense from transactions with subsidiaries is ¥50,280 million and ¥41,116 million, respectively for the year ended March 31, 2008.
2. Gain on sales of securities include gain on sales of domestic bonds, domestic stocks and foreign securities of ¥6,650 million, ¥28,070 million and ¥72,256 million, respectively for the year ended March 31, 2008.
3. Loss on sales of securities includes loss on sales of domestic bonds, domestic stocks and foreign securities of ¥26,513 million, ¥2,250 million and ¥64,510 million, respectively for the year ended March 31, 2008.
4. Loss on the valuation of securities includes loss on sales of domestic stocks and foreign securities of ¥12,400 million and ¥26,807 million, respectively for the year ended March 31, 2008.
5. Reversal of the policy reserve for ceded reinsurance used for the calculation of policy reserves is ¥14 million for the year ended March 31, 2008.
6.
  - 1) Trading securities include ¥6 million of interest and dividends, ¥ 7 million of gains on sales, and ¥6 million of losses on valuation for the year ended March 31, 2008.
  - 2) Losses from assets held in trust include valuation loss of ¥44,744 million for the year ended March 31, 2008.
  - 3) Losses from derivative financial instruments include valuation loss of ¥5,654 million for the year ended March 31, 2008.

7. Benefit cost of accrued severance indemnities for the year ended March 31, 2008 were analyzed as follows:

|                                       | Million Yen                  |
|---------------------------------------|------------------------------|
|                                       | Year ended March 31,<br>2008 |
| Service cost                          | ¥26,344                      |
| Interest cost                         | 12,433                       |
| Expected return on plan assets        | (8,044)                      |
| Amortization of actuarial differences | 18,487                       |
| Amortization of prior service cost    | (7,548)                      |
| Others                                | 1,328                        |
| Net periodic benefit cost             | <u>¥43,000</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

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 losses with amount and breakdown:

| Purpose of use  |               |             |             | (Million Yen) |
|-----------------|---------------|-------------|-------------|---------------|
|                 | Land          | Leasehold   | Buildings   | Total         |
| Leased Property | ¥1,597        | ¥179        | ¥231        | ¥2,009        |
| Idle Property   | ¥1,978        | -           | ¥642        | ¥2,620        |
| Total           | <u>¥3,576</u> | <u>¥179</u> | <u>¥874</u> | <u>¥4,630</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, etc:

| Type                                    | Subsidiaries                                     |
|---|--|
| Company Name                            | Nissay Credit Guarantee Co., Ltd.                |
| Location                                | Osaka  |
| Capital                                 | ¥950 million                                     |
| Main Business                           | Debt guarantee services                          |
| Percentage of Shareholder Voting Rights | Direct 78.7% Indirect 6.3%                       |
| Nature of Relationship between Parties  | Debt guarantee, etc. Interlocking directors, etc |
| Detail of transaction                   | Debt guarantees of the Nippon Life's loan(*1)    |
| Balance as of March 31, 2008            | ¥598,213 million                                 |

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

## 7. Statement of Changes in Net Assets

|  | Foundation funds and others |  |                         |                              |                     |                               |   |   |  |                |                        |          |               |                                   | (Million Yen) |
|--|-----------------------------|--|-------------------------|------------------------------|---------------------|-------------------------------|---|---|--|----------------|------------------------|----------|---------------|-----------------------------------|---------------|
|  | Foundation funds            | Reserve for redemption of foundation funds | Reserve for revaluation | Legal reserve for deficiency | Surplus             |                               |   |   |  |                |                        |          | Total Surplus | Total Foundation funds and others |               |
|  |                             |  |                         |                              | Contingency reserve | Reserve for severance benefit | Reserve for assisting social public welfare | Voluntary surplus reserve                                     |  |                |                        |          |               |                                   |               |
|  |                             |  |                         |                              |                     |                               |   | Reserve for condensed booking of fixed assets for tax purpose | Reserve for condensed booking of fixed assets, not purchased yet | Other reserves | Unappropriated surplus |          |               |                                   |               |
| Balance, March 31, 2006  | 300,000                     | 600,000                                    | 651                     | 7,409                        | 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                  | —        | —             |                                   |               |
| Reversal of reserve for condensed booking of fixed assets for tax purpose      |                             |  |                         |                              |                     |                               |   | -853  |  |                | 853                    | —        | —             |                                   |               |
| Additions to reserve for condensed booking of fixed assets of separate account |                             |  |                         |                              |                     |                               |   |   | 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                        |   |  |                             |           | —                |
| Reversal of reserve for condensed booking of fixed assets for tax purpose      |   |  |                             |           | —                |
| Additions to reserve for condensed booking of fixed assets of separate account |   |  |                             |           | —                |
| 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   | -84,955                     | 4,522,873 | 5,831,668        |

## 7. Statement of Changes in Net Assets

As of Mar 31, 2008

(Million Yen)

|   | Foundation funds and others |  |                            |                                    |                         |                                      |   |  |  |                   |                               |          |                  | Total<br>Foundation<br>funds and<br>others |
|---|-----------------------------|--|----------------------------|------------------------------------|-------------------------|--------------------------------------|---|--|--|-------------------|-------------------------------|----------|------------------|--|
|   | Foundation<br>funds         | Reserve for<br>redemption<br>of<br>foundation<br>funds | Reserve for<br>revaluation | Surplus                            |                         |                                      |   |  |  |                   |                               |          | Total<br>Surplus |  |
|   |                             |  |                            | Legal<br>reserve for<br>deficiency | Contingenc<br>y reserve | Reserve for<br>retirement<br>benefit | Reserve for<br>assisting<br>social<br>public<br>welfare | Reserve for<br>condensed<br>booking of<br>fixed assets<br>for tax<br>purpose | Reserve for<br>condensed<br>booking of<br>fixed<br>assets, not<br>purchased<br>yet | Other<br>reserves | Unappropri<br>ated<br>surplus |          |                  |  |
| 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        |  |
| Increase/Decrease   |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               |          |                  |  |
| Additions to reserve for dividends to policyholders                           |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               | -239,686 | -239,686         |  |
| Additions to Legal reserve for deficiency                                     |                             |  |                            | 897                                |                         |                                      |   |  |  |                   |                               | -897     | -                |  |
| Additions to Reserve for redemption of foundation funds                       |                             | 50,000   |                            |                                    |                         |                                      |   |  |  |                   |                               | -50,000  | -50,000          |  |
| Interest on Foundation funds  |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               | -3,119   | -3,119           |  |
| Net surplus   |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               | 276,441  | 276,441          |  |
| Redemption of Foundation funds  | -50,000                     |  |                            |                                    |                         |                                      |   |  |  |                   |                               |          | -50,000          |  |
| Reversal of reserve for retirement benefit                                    |                             |  |                            |                                    |                         | -3,500                               |   |  |  |                   |                               | 3,500    | -                |  |
| Additions to Reserve for assisting social public welfare                      |                             |  |                            |                                    |                         |                                      | 1,500   |  |  |                   |                               | -1,500   | -                |  |
| Reversal of reserve for assisting social public welfare                       |                             |  |                            |                                    |                         |                                      | -927  |  |  |                   |                               | 927      | -                |  |
| Additions to reserve for condensed booking of fixed assets, not purchased yet |                             |  |                            |                                    |                         |                                      |   | 3,566  |  |                   |                               | -3,566   | -                |  |
| Reversal of reserve for condensed booking of fixed assets for tax purpose     |                             |  |                            |                                    |                         |                                      |   | -745   |  |                   |                               | 745      | -                |  |
| Reversal of reserve for condensed booking of fixed assets of separate account |                             |  |                            |                                    |                         |                                      |   |  | -1,908   |                   |                               | 1,908    | -                |  |
| Reversal of Revaluation reserve for land                                      |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               | 3,963    | 3,963            |  |
| Net change, excluding Foundation funds and others                             |                             |  |                            |                                    |                         |                                      |   |  |  |                   |                               |          |                  |  |
| Net change  | -50,000                     | 50,000   | -                          | 897                                | -                       | -3,500                               | 573   | 2,820  | -1,908   | -                 | -11,283                       | -12,400  | -12,400          |  |
| Balance, March 31, 2008   | 200,000                     | 700,000  | 651                        | 9,020                              | 71,917                  | -                                    | 1,221   | 32,082   | -  | 170               | 281,332                       | 395,742  | 1,296,394        |  |

|   | Valuation, Conversion, and others                         |  |                                   |            | Total Net<br>Assets |
|---|---|--|-----------------------------------|------------|---------------------|
|   | Net<br>unrealized<br>gain on<br>securities,<br>net of tax | Deferred<br>gain on<br>derivatives<br>under<br>hedge<br>accounting | Land<br>revaluation<br>difference | Total      |                     |
| Balance, March 31, 2007   | 4,607,770   | 57   | -84,955                           | 4,522,873  | 5,831,668           |
| Increase/Decrease   |   |  |                                   |            |                     |
| Additions to reserve for dividends to policyholders                           |   |  |                                   |            | -239,686            |
| Additions to Legal reserve for deficiency                                     |   |  |                                   |            | -                   |
| Additions to Reserve for redemption of foundation funds                       |   |  |                                   |            | -                   |
| Interest on Foundation funds  |   |  |                                   |            | -3,119              |
| Net surplus   |   |  |                                   |            | 276,441             |
| Redemption of Foundation funds  |   |  |                                   |            | -50,000             |
| Reversal of reserve for retirement benefit                                    |   |  |                                   |            | -                   |
| 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 reserve for condensed booking of fixed assets of separate account |   |  |                                   |            | -                   |
| Reversal of Revaluation reserve for land                                      |   |  |                                   |            | 3,963               |
| Net change, excluding Foundation funds and others                             | -2,331,603  | 98   | -3,983                            | -2,335,488 | -2,335,488          |
| Net change  | -2,331,603  | 98   | -3,983                            | -2,335,488 | -2,347,889          |
| Balance, March 31, 2008   | 2,276,167   | 155  | -88,938                           | 2,187,384  | 3,483,778           |

## 8. Details of Operating Income (Ordinary Income)

(Million Yen)

|  | For the year ended<br>March 31, 2007 | For the year ended<br>March 31, 2008 |
|--|--------------------------------------|--------------------------------------|
| Ordinary income (Core operating profit) (A)              | 730,050                              | 637,540                              |
| Capital gain   | 123,913                              | 108,796                              |
| Gain from proprietary trading securities                 | 83                                   | 7                                    |
| Gain from assets held in trust                           | 22,108                               | ----                                 |
| Gain from trading securities                             | ----                                 | ----                                 |
| Gain on sales of securities                              | 101,722                              | 106,977                              |
| Gain from derivative financial instruments               | ----                                 | ----                                 |
| Foreign exchange gain                                    | ----                                 | ----                                 |
| Other capital gain                                       | ----                                 | 1,812                                |
| Capital loss   | 242,873                              | 229,857                              |
| Loss from proprietary trading securities                 | ----                                 | ----                                 |
| Loss from assets held in trust                           | ----                                 | 21,483                               |
| Loss from trading securities                             | ----                                 | ----                                 |
| Loss on sales of securities                              | 102,305                              | 93,274                               |
| Loss on valuation of securities                          | 11,861                               | 39,211                               |
| Loss from derivative financial instrument                | 127,398                              | 63,729                               |
| Foreign exchange loss                                    | 1,273                                | 12,158                               |
| Other capital loss                                       | 34                                   | ----                                 |
| Net capital gain/loss (B)                                | -118,960                             | -121,060                             |
| Ordinary income including net capital gain/loss (A+B)    | 611,090                              | 516,479                              |
| Non-recurring income                                     | ----                                 | 21,308                               |
| Income from reinsurance premiums                         | ----                                 | ----                                 |
| Reversal of contingency reserve                          | ----                                 | ----                                 |
| Other non-recurring income                               | ----                                 | 21,308                               |
| Non-recurring loss                                       | 280,484                              | 226,074                              |
| Reinsurance premium fee                                  | ----                                 | ----                                 |
| Provision for contingency reserves                       | ----                                 | ----                                 |
| Provision for individual allowance for doubtful accounts | ----                                 | ----                                 |
| Provision of allowance for specific overseas debts       | ----                                 | ----                                 |
| Bad debt expense of loans                                | 3                                    | ----                                 |
| Other non-recurring loss                                 | 280,481                              | 226,074                              |
| Non-recurring income / loss (C)                          | -280,484                             | -204,765                             |
| Operating income (A+B+C)                                 | 330,606                              | 311,714                              |

### (Reference) Details of other gains and losses

(Million Yen)

|  | For the year ended<br>March 31, 2007 | For the year ended<br>March 31, 2008 |
|--|--------------------------------------|--------------------------------------|
| Other ordinary gain  | 34                                   | -                                    |
| Foreign exchange related gain from foreign currency denominated insurance products                     | 34                                   | -                                    |
| Other ordinary loss  | -                                    | 1,812                                |
| Foreign exchange related loss from foreign currency denominated insurance products                     | -                                    | 1,812                                |
| Other capital gain   | -                                    | 1,812                                |
| Foreign exchange related gain from foreign currency denominated insurance products                     | -                                    | 1,812                                |
| Other capital loss   | 34                                   | -                                    |
| Foreign exchange related loss from foreign currency denominated insurance products                     | 34                                   | -                                    |
| Other non-recurring income   | -                                    | 21,308                               |
| The effect of changing to monthly valuation of policy reserves   | -                                    | 21,300                               |
| Individual allowance for doubtful accounts   | -                                    | 8                                    |
| Other non-recurring loss   | 280,481                              | 226,074                              |
| Article 69 Clause 5 of Enforcement Regulation of Insurance Business Law, provision for policy reserves | 280,481                              | 226,074                              |

## 9. Statements of Surplus

(Thousands Yen)

|  | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
| Unappropriated surplus for the current year                                  | 292,615,159          | 281,332,008          |
| Reversal from voluntary surplus reserve                                      | 6,154,294            | 742,180              |
| Reversal of reserve for retirement benefit                                   | 3,500,000            | -----                |
| Reversal of Reserve for condensed booking of fixed assets for tax purpose    | 745,833              | 742,180              |
| Reversal of Reserve for condensed booking of fixed assets, not purchased yet | 1,908,460            | -----                |
| Total  | 298,769,454          | 282,074,189          |
| Appropriations :   | 298,769,454          | 282,074,189          |
| Reserve for policyholder dividends   | 239,686,709          | 226,284,047          |
| Net surplus  | 59,082,745           | 55,790,142           |
| Additions to legal reserve for deficiency                                    | 897,000              | 847,000              |
| Additions to reserve for redemption of foundation funds                      | 50,000,000           | 50,000,000           |
| Interest on foundation funds   | 3,119,250            | 2,501,750            |
| Transfer to voluntary reserve :  | 5,066,495            | 2,441,392            |
| 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            | 941,392              |
| Reserve for condensed booking of fixed assets, not purchased yet             | -----                | -----                |
| Surplus carried forward  | -----                | -----                |

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

(100 Million Yen, %)

|                                   | As of March 31, 2007 | As of March 31, 2008 |
|-----------------------------------|----------------------|----------------------|
| Bankrupt and Quasi-Bankrupt Loans | 115                  | 125                  |
| Doubtful Loans                    | 477                  | 440                  |
| Substandard Loans                 | 48                   | 59                   |
| Subtotal (a)                      | 641                  | 624                  |
| [Percent of total] (%)            | (0.48)               | (0.52)               |
| Normal Loans                      | 133,657              | 118,584              |
| Total                             | 134,298              | 119,209              |

- 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 guaranteed private offering loans of financial institution, 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 ¥4.8 billion for loans subject to bankruptcy rehabilitation as of March 31, 2008; ¥4.1 billion for loans subject to bankruptcy rehabilitation as of March 31, 2007.

## 11. Status of Risk-Managed Loans

(100 Million Yen, %)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Loans to bankrupt borrowers                     | 44                   | 33                   |
| Delinquent Loans                                | 547                  | 531                  |
| Loans that are delinquent for over three months | 5                    | 4                    |
| Loans for Restructuring                         | 43                   | 54                   |
| Total (b)                                       | 641                  | 624                  |
| [Percent of total loans receivable](%)          | (0.66)               | (0.65)               |

- 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 ¥1.1 billion and ¥3.7 billion as of March 31, 2008; ¥1.7 billion and ¥2.4 billion as of March 31, 2007.
  - Loans to bankrupt borrowers are loans of the following with principal and interest payments being long overdue and interests not being accrued: (a) Borrowers to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law, or Commercial Law, (b) Borrowers to borrowers that have notes suspended from being traded, and (c) Borrowers to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.
  - Delinquent loans are loans which interests not being accrued on 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 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 month).

### (Information) Status of Allowance and Secured amount

(100 Million Yen)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Allowance for doubtful accounts (c)                         | 321                  | 349                  |
| General allowance for doubtful accounts                     | 142                  | 190                  |
| Specific allowance for doubtful accounts                    | 179                  | 158                  |
| Allowance for specific overseas loans                       | ----                 | ----                 |
| Coverage ratio for loans by borrower classification (c)/(a) | 50.2%                | 55.9%                |
| Coverage ratio for risk-managed loans (c)/(b)               | 50.2%                | 56.0%                |
| Secured amount (d)  | 618                  | 611                  |
| Amount secured by collateral and/or guarantee               | 462                  | 467                  |
| Allowance for doubtful accounts                             | 155                  | 143                  |
| Total coverage ratio (d)/(a)                                | 96.3%                | 97.8%                |

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

(Million Yen)

|  | As of March 31, 2007 | As of March 31, 2008 | Changes |
|--|----------------------|----------------------|---------|
| (1) Breakdown of allowance for doubtful accounts |                      |                      |         |
| (A) General allowance for doubtful accounts      | 14,249               | 19,071               | 4,822   |
| (B) Specific allowance for doubtful accounts     | 17,934               | 15,872               | - 2,061 |
| (C) Allowance for specific overseas loans        | -----                | -----                | -----   |
| (2) Specific allowance for doubtful accounts     |                      |                      |         |
| (A) Provision                                    | 22,097               | 20,736               | - 1,361 |
| (B) Reversal                                     | 30,228               | 20,744               | - 9,483 |
| [excluding reversals with write-down]            |                      |                      |         |
| (C) Net provision                                | - 8,130              | - 8                  | 8,122   |
| (3) Allowance for specific overseas loans        |                      |                      |         |
| (A) Number of debtor countries                   | -----                | -----                | -----   |
| (B) Amounts of credit                            | -----                | -----                | -----   |
| (C) Provision                                    | -----                | -----                | -----   |
| (D) Reversal                                     | -----                | -----                | -----   |
| (4) Write-down of loans                          | 3                    | -----                | - 3     |

### <Reference>

#### [Status of Borrower Classification]

(100 Million Yen, %)

|   | As of March 31, 2007 |                     | As of March 31, 2008 |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | Money available      | Percentage of whole | Money available      | Percentage of whole |
| Loan balances                           | 97,267               | 100.0               | 95,533               | 100.0               |
| (After direct write-off of category IV) |                      |                     |                      |                     |
| Non-categorized                         | 96,444               | 99.2                | 93,234               | 97.6                |
| Category II                             | 647                  | 0.7                 | 2,163                | 2.3                 |
| Category III                            | 174                  | 0.2                 | 135                  | 0.1                 |
| Category IV                             | ----                 | ----                | ----                 | ----                |

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

As of March 31, 2007, ¥15.4 billion ; as of March 31, 2008, ¥13.5 billion

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

As of March 31, 2007, ¥4.1 billion ; as of March 31, 2008, ¥4.8 billion

### 13. Solvency Margin Ratio

(Million Yen)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Solvency margin gross amount (A)                      | 11,113,889           | 8,217,904            |
| Foundation funds and other reserve funds              | 3,234,550            | 3,301,725            |
| Total Net Assets                                      | 1,065,989            | 1,067,608            |
| Reserve for price fluctuation of security investments | 467,263              | 487,263              |
| Contingency reserve                                   | 1,429,062            | 1,429,062            |
| General allowance for doubtful accounts               | 14,249               | 19,071               |
| Others  | 257,987              | 298,719              |
| Net unrealized gain/loss on securities × 90%          | 6,458,287            | 3,212,612            |
| Net unrealized gain/loss on real estate × 85%         | 164,166              | 297,510              |
| Excess of continued Zillmerized reserve               | ----                 | 1,271,175            |
| Qualifying subordinated debt                          | ----                 | ----                 |
| Deductions  | -419                 | -194                 |
| Others  | 1,257,304            | 135,075              |
| Total amount of risk (B)                              |                      |                      |
| $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$    | 1,677,668            | 1,420,785            |
| Underwriting risk R1                                  | 244,095              | 158,600              |
| Anticipated yield risk R2                             | 219,410              | 203,823              |
| Investment risk R3                                    | 1,395,262            | 1,154,090            |
| Business management risk R4                           | 37,323               | 32,086               |
| Minimum guarantee risk R7                             | 7,408                | 10,616               |
| Underwriting risk of third market insurance R8        | ----                 | 77,210               |
| Solvency margin ratio                                 |                      |                      |
| $\frac{(A)}{(1/2) \times (B)} \times 100$             | 1,324.9%             | 1,156.8%             |

- 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. (Excess of continuous Zillmerized reserve is calculated based on the Ordinance No. 50 1-3-1. Excess of continued Zillmerized reserve in March 31, 2007 is included in Others.)
2. Underwriting risk of third market insurance R8 is included in calculations from March 31, 2008. (Figures from March 31, 2007 use past calculation standard)
3. 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, 2007     | As of March 31, 2008     |
|---|--------------------------|--------------------------|
| 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 Accounts for the Fiscal Year Ended March 31, 2008

### (1) Balance of Separate Account Assets

(Million Yen)

|                               | As of March 31, 2007 | As of March 31, 2008 |
|-------------------------------|----------------------|----------------------|
| Individual variable insurance | 185,609              | 150,319              |
| Individual variable annuity   | 256,718              | 213,115              |
| Group annuity                 | 1,836,884            | 1,496,836            |
| Separate account total        | 2,279,213            | 1,860,271            |

### (2) Status of Separate Account for Individual Variable Insurance

#### A. Policies in Force

|                                 | As of March 31, 2007 |                                  | As of March 31, 2008 |                                  |
|---------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|
|                                 | Number of policies   | Amount of policies (million yen) | Number of policies   | Amount of policies (million yen) |
| Variable insurance (term life)  | 3,394                | 18,205                           | 2,955                | 15,638                           |
| Variable insurance (whole life) | 40,553               | 672,814                          | 39,603               | 645,458                          |
| Total                           | 43,947               | 691,019                          | 42,558               | 661,097                          |

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

|                                     | As of March 31, 2007 |                       | As of March 31, 2008 |                       |
|-------------------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                                     | Amount (million yen) | Composition ratio (%) | Amount (million yen) | Composition ratio (%) |
| Cash, deposits, and call loans      | 9,017                | 4.9                   | 11,002               | 7.3                   |
| Securities                          | 167,549              | 90.3                  | 129,905              | 86.4                  |
| Domestic bonds                      | 38,083               | 20.5                  | 30,276               | 20.1                  |
| Domestic stocks                     | 73,272               | 39.5                  | 51,957               | 34.6                  |
| Foreign securities                  | 56,193               | 30.3                  | 47,670               | 31.7                  |
| Foreign bonds                       | 17,345               | 9.3                   | 18,309               | 12.2                  |
| Foreign stocks and other securities | 38,848               | 20.9                  | 29,361               | 19.5                  |
| Other securities                    | ----                 | ----                  | ----                 | ----                  |
| Loans receivable                    | ----                 | ----                  | ----                 | ----                  |
| Others                              | 9,042                | 4.9                   | 9,411                | 6.3                   |
| Allowance for doubtful accounts     | ----                 | ----                  | ----                 | ----                  |
| Total                               | 185,609              | 100.0                 | 150,319              | 100.0                 |

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

(Million Yen)

|  | For the year ended March 31, 2007 | For the year ended March 31, 2008 |
|--|-----------------------------------|-----------------------------------|
| Interest, dividends, and other income      | 3,161                             | 3,416                             |
| Gain on sales of securities                | 15,511                            | 9,948                             |
| Gain on redemption of securities           | ----                              | ----                              |
| Gain on valuation of securities            | -7,673                            | -18,358                           |
| Foreign exchange gain                      | 26                                | ----                              |
| Gain from derivative financial instruments | 359                               | ----                              |
| Other investment income                    | 1                                 | 4                                 |
| Loss on sales of securities                | 5,040                             | 4,768                             |
| Loss from redemption of securities         | 22                                | 10                                |
| Loss on valuation of securities            | -1,286                            | 13,971                            |
| Foreign exchange loss                      | ----                              | 0                                 |
| Loss from derivative financial instruments | ----                              | 1,499                             |
| Other investment expense                   | 7                                 | 1                                 |
| Net investment income                      | 7,603                             | -25,242                           |

## (3) Status of Separate Account for Individual Variable Annuities

## A. Policies in Force

|                             | As of March 31, 2007 |                         | As of March 31, 2008 |                         |
|-----------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                             | Number of policies   | Amount<br>(million yen) | Number of policies   | Amount<br>(million yen) |
| Individual variable annuity | 30,693               | 256,697                 | 30,304               | 212,931                 |

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

|                                     | As of March 31, 2007    |                       | As of March 31, 2008    |                       |
|-------------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                                     | Amount<br>(million yen) | Composition ratio (%) | Amount<br>(million yen) | Composition ratio (%) |
| Cash, deposits, and call loans      | 4,000                   | 1.6                   | 2,000                   | 0.9                   |
| Securities                          | 246,502                 | 96.0                  | 205,101                 | 96.2                  |
| Domestic bonds                      | 29,974                  | 11.7                  | 28,823                  | 13.5                  |
| Domestic stocks                     | -----                   | -----                 | -----                   | -----                 |
| Foreign securities                  | -----                   | -----                 | -----                   | -----                 |
| Foreign bonds                       | -----                   | -----                 | -----                   | -----                 |
| Foreign stocks and other securities | -----                   | -----                 | -----                   | -----                 |
| Other securities                    | 216,528                 | 84.3                  | 176,278                 | 82.7                  |
| Loans receivable                    | -----                   | -----                 | -----                   | -----                 |
| Others                              | 6,215                   | 2.4                   | 6,013                   | 2.8                   |
| Allowance for doubtful accounts     | -----                   | -----                 | -----                   | -----                 |
| Total                               | 256,718                 | 100.0                 | 213,115                 | 100.0                 |

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

|  | (Million Yen)                        |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended March 31,<br>2007 | For the year ended March 31,<br>2008 |
| Interest, dividends, and other income      | 7,896                                | 6,222                                |
| Gain on sales of securities                | 45                                   | 52                                   |
| Gain on redemption of securities           | -----                                | -----                                |
| Gain on valuation of securities            | -2,254                               | -35,005                              |
| Foreign exchange gain                      | -----                                | -----                                |
| Gain from derivative financial instruments | -----                                | -----                                |
| Other income                               | 0                                    | 1                                    |
| Loss on sales of securities                | 102                                  | 82                                   |
| Loss from redemption of securities         | -----                                | -----                                |
| Loss on valuation of securities            | -88                                  | 2,059                                |
| Foreign exchange loss                      | -----                                | -----                                |
| Loss from derivative financial instruments | -----                                | -----                                |
| Other expense                              | 0                                    | 0                                    |
| Net income                                 | 5,673                                | -30,871                              |

## 15. Status of the Company and Affiliates

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

(100 Million yen)

|                             | For the year ended March 31,<br>2007 | For the year ended March 31,<br>2008 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Total revenues              | 66,230                               | 66,075                               |
| Operating income            | 3,445                                | 3,020                                |
| Surplus in the current year | 3,053                                | 2,585                                |
| Total assets                | 521,599                              | 483,869                              |

### (2) Scope of Consolidation and Application of the Equity Method

|   | As of March 31, 2008 |
|---|----------------------|
| Number of consolidated subsidiaries   | 12                   |
| Number of non-consolidated subsidiaries accounted for under the equity method | 0                    |
| Number of affiliates accounted for under the equity method                    | 4                    |

## (3) Consolidated Balance Sheets

(Million Yen)

| Assets:   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Cash and deposits                                   | 948,672              | 595,333              |
| Call loans  | 259,200              | 196,100              |
| Monetary receivables purchased                      | 1,334,680            | 1,379,371            |
| Proprietary trading securities                      | 2,099                | -----                |
| Assets held in trust                                | 195,593              | 170,507              |
| Investments in securities                           | 37,285,454           | 33,956,847           |
| Loan receivables                                    | 9,706,754            | 9,513,305            |
| Tangible fixed assets                               | 1,737,541            | 1,746,924            |
| Intangible fixed assets                             | 150,725              | 156,008              |
| Reinsurance receivables                             | 306                  | 614                  |
| Other assets  | 559,315              | 694,195              |
| Deferred tax assets                                 | 6,432                | 8,537                |
| Customers' liability for acceptances and guarantees | 9,176                | 8,554                |
| Allowance for doubtful accounts                     | -35,980              | -39,300              |
| Total assets  | 52,159,972           | 48,386,999           |

| Liabilities:   | As of March 31, 2007 | As of March 31, 2008 |
|--|----------------------|----------------------|
| Policy reserves and others:                            | 41,892,298           | 42,214,502           |
| Reserve for outstanding claims                         | 248,136              | 239,867              |
| Policy reserve   | 40,384,315           | 40,741,366           |
| Reserve for dividends to policyholders                 | 1,259,846            | 1,233,268            |
| Agency account payable                                 | 25                   | -----                |
| Reinsurance payables                                   | 265                  | 339                  |
| Other liabilities                                      | 1,672,194            | 1,344,698            |
| Accrued bonus for directors and corporate auditors     | 103                  | 94                   |
| Accrued severance indemnities                          | 428,628              | 435,358              |
| Accrued retirement benefit for directors               | 5,805                | 5,930                |
| Accrued loss from supporting closely related companies | 552                  | 515                  |
| Reserve for price fluctuations of security investments | 467,263              | 487,263              |
| Deferred tax liabilities                               | 1,513,529            | 131,375              |
| Deferred tax liabilities for land revaluation reserve  | 179,535              | 177,283              |
| Acceptances and guarantees                             | 9,176                | 8,554                |
| Total liabilities                                      | 46,169,377           | 44,805,916           |

| Net assets:   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Foundation funds                                    | 250,000              | 200,000              |
| Reserve for redemption of foundation funds          | 650,000              | 700,000              |
| Reserve for revaluation                             | 651                  | 651                  |
| Surplus   | 501,357              | 473,978              |
| Total equity  | 1,402,008            | 1,374,629            |
| Net unrealized gain on securities, net tax          | 4,670,620            | 2,301,439            |
| Deferred gain on derivatives under hedge accounting | 57                   | 155                  |
| Land revaluation difference                         | - 84,955             | - 88,938             |
| Cumulative translation adjustments                  | - 7,615              | - 16,157             |
| Total valuation, conversion and others              | 4,578,106            | 2,196,499            |
| Minority interests                                  | 10,479               | 9,954                |
| Total net assets                                    | 5,990,595            | 3,581,082            |
| Total liabilities and net assets                    | 52,159,972           | 48,386,999           |

## (4) Consolidated Statements of Profit and Loss

(Million Yen)

|  | Year ended March 31, 2007 | Year ended March 31, 2008 |
|--|---------------------------|---------------------------|
| Revenues:  | 6,623,010                 | 6,607,597                 |
| Income from insurance and reinsurance premiums       | 4,879,630                 | 4,917,492                 |
| Investment income:                                   | 1,423,462                 | 1,348,505                 |
| Interest, dividends, and other income                | 1,168,241                 | 1,230,756                 |
| Gain from proprietary trading securities             | 83                        | 7                         |
| Gain from assets held in trust, net                  | 22,477                    | -----                     |
| Gain on sales of securities                          | 102,321                   | 107,006                   |
| Gain from redemption of securities                   | 46,455                    | 10,405                    |
| Other investment income                              | 1,704                     | 329                       |
| Gain from separate accounts, net                     | 82,180                    | -----                     |
| Other revenues                                       | 319,917                   | 341,599                   |
| Expenditures:  | 6,278,429                 | 6,305,548                 |
| Insurance claims and other payments:                 | 3,851,874                 | 4,236,155                 |
| Death and other claims                               | 1,218,441                 | 1,395,485                 |
| Annuity payments                                     | 439,395                   | 475,766                   |
| Health and other benefits                            | 799,944                   | 845,378                   |
| Surrender benefits                                   | 1,061,274                 | 1,166,937                 |
| Other refunds  | 331,384                   | 350,997                   |
| Reinsurance premiums                                 | 1,434                     | 1,588                     |
| Provision for policy reserves:                       | 1,019,150                 | 392,091                   |
| Provision for claims reserves                        | 17,689                    | -----                     |
| Provision for policy reserves                        | 964,304                   | 356,921                   |
| Interest on reserve for dividends to policyholders   | 37,156                    | 35,170                    |
| Investment expenses:                                 | 300,694                   | 563,110                   |
| Interest expense                                     | 5,985                     | 7,506                     |
| Loss on proprietary trading securities               | -----                     | 20,866                    |
| Loss on sales of securities                          | 102,492                   | 93,466                    |
| Loss on valuation of securities                      | 12,944                    | 40,194                    |
| Loss from redemption of securities                   | 1,806                     | 2,950                     |
| Loss from derivative financial instruments, net      | 129,611                   | 66,639                    |
| Foreign exchange loss, net                           | 1,290                     | 12,167                    |
| Allowance for doubtful accounts                      | -----                     | 5,672                     |
| Write-down of loans                                  | 314                       | 172                       |
| Depreciation for rental real estate and other assets | 26,249                    | 27,331                    |
| Other investment expenses                            | 19,998                    | 20,868                    |
| Loss from separate accounts, net                     | -----                     | 265,274                   |
| Operating expenses                                   | 566,770                   | 579,641                   |
| Other expenditures                                   | 539,939                   | 534,550                   |
| Operating income                                     | 344,580                   | 302,048                   |
| Extraordinary profits:                               | 53,325                    | 1,200                     |
| Gain on disposal of fixed assets                     | 45,600                    | 1,200                     |
| Reversal of allowance for doubtful accounts          | 7,724                     | -----                     |
| Extraordinary loss:                                  | 52,987                    | 33,054                    |
| Loss on disposal of fixed assets                     | 20,104                    | 7,242                     |
| Impairment loss                                      | 5,389                     | 4,630                     |
| Provision for reserve for price fluctuations         | 26,000                    | 20,000                    |
| Loss on reduction entry of real estate               | 95                        | 128                       |
| Others   | 1,398                     | 1,053                     |
| Surplus before income tax                            | 344,918                   | 270,194                   |
| Income tax -current                                  | 154,913                   | 112,679                   |
| Income tax -deferred                                 | -115,757                  | -101,711                  |
| Minority interests                                   | 382                       | 649                       |
| Surplus in the current year                          | 305,380                   | 258,577                   |

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

As of March 31, 2007

(Million 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 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        |

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

As of March 31, 2008

(Million 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, 2007                                 | 250,000                     | 650,000                                    | 651                     | 501,357       | 1,402,008                         |
| Increase/Decrease                                       |                             |  |                         |               |                                   |
| Additions to reserve for dividends to policyholders     |                             |  |                         | -239,686      | -239,686                          |
| Additions to Reserve for redemption of foundation funds |                             | 50,000                                     |                         | -50,000       | -                                 |
| Interest on Foundation funds                            |                             |  |                         | -3,119        | -3,119                            |
| Net surplus   |                             |  |                         | 258,577       | 258,577                           |
| Redemption of Foundation funds                          | -50,000                     |  |                         |               | -50,000                           |
| Reversal of Revaluation reserve for land                |                             |  |                         | 3,963         | 3,963                             |
| Decreasing in number of company under the equity method |                             |  |                         | 2,885         | 2,885                             |
| Other   |                             |  |                         | 1             | 1                                 |
| Net change, excluding Foundation funds and others       |                             |  |                         |               |                                   |
| Net change  | -50,000                     | 50,000                                     | -                       | -27,378       | -27,378                           |
| Balance, March 31, 2008                                 | 200,000                     | 700,000                                    | 651                     | 473,978       | 1,374,629                         |

|  | Valuation, Conversion, and others          |   |                             |                                    |  | Minority interests | Total net assets |
|--|--|---|-----------------------------|------------------------------------|--|--------------------|------------------|
|  | Net unrealized gain on securities, net tax | Deferred gain on derivatives under hedge accounting | Land revaluation difference | Cumulative translation adjustments | Total valuation, conversion and others |                    |                  |
| Balance, March 31, 2007                                      | 4,670,620                                  | 57  | -84,955                     | -7,615                             | 4,578,106                              | 10,479             | 5,990,595        |
| Increase/Decrease  |  |   |                             |                                    |  |                    |                  |
| Additions to reserve for dividends to policyholders          |  |   |                             |                                    |  |                    | -239,686         |
| Additions to Reserve for redemption of foundation funds      |  |   |                             |                                    |  |                    | -                |
| Interest on Foundation funds                                 |  |   |                             |                                    |  |                    | -3,119           |
| Net surplus  |  |   |                             |                                    |  |                    | 258,577          |
| Redemption of Foundation funds                               |  |   |                             |                                    |  |                    | -50,000          |
| Reversal of Revaluation reserve for land                     |  |   |                             |                                    |  |                    | 3,963            |
| Increasing for decreasing of company under the equity method |  |   |                             |                                    |  |                    | 2,885            |
| Other  |  |   |                             |                                    |  |                    | 1                |
| Net change, excluding Foundation funds and others            | -2,369,180                                 | 98  | -3,983                      | -8,542                             | -2,381,607                             | -525               | -2,382,133       |
| Net change   | -2,369,180                                 | 98  | -3,983                      | -8,542                             | -2,381,607                             | -525               | -2,409,512       |
| Balance, March 31, 2008                                      | 2,301,439                                  | 155   | -88,938                     | -16,157                            | 2,196,499                              | 9,954              | 3,581,082        |

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

(100 Million Yen,%)

|                                   | As of March 31, 2007 | As of March 31, 2008 |
|-----------------------------------|----------------------|----------------------|
| Bankrupt and Quasi-Bankrupt Loans | 134                  | 138                  |
| Doubtful Loans                    | 483                  | 442                  |
| Substandard Loans                 | 161                  | 166                  |
| Subtotal (a)                      | 779                  | 747                  |
| (Percent of Total,%)              | ( 0.58)              | ( 0.63)              |
| Normal Loans                      | 133,579              | 118,060              |
| Total                             | 134,358              | 118,808              |

- Notes:
1. 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.
  2. 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.
  3. 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).
  4. 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.

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

(100 Million Yen, %)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Loans to bankrupt borrowers                     | 45                   | 34                   |
| Delinquent Loans                                | 572                  | 546                  |
| Loans that are delinquent for over three months | 5                    | 4                    |
| Loans for Restructuring                         | 155                  | 162                  |
| Total (b)                                       | 779                  | 747                  |
| [Percent of total loans receivable](%)          | ( 0.80)              | ( 0.79)              |

- 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 ¥1.2 billion and ¥5 billion as of March 31, 2008; ¥1.8 billion and ¥5 billion as of March 31, 2007.
  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 Million Yen)

|   | As of March 31, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| Allowance for doubtful accounts (c)                         | 359                  | 393                  |
| Coverage ratio for loans by borrower classification (c)/(a) | 46.2%                | 52.5%                |
| Coverage ratio for risk managed loans (c)/(b)               | 46.2%                | 52.6%                |
| Secured amount (d)  | 755                  | 734                  |
| Amount secured by collateral and/or guarantee               | 595                  | 588                  |
| Allowance for doubtful accounts                             | 160                  | 145                  |
| Total coverage ratio (d)/(a)                                | 97.0%                | 98.2%                |

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, 2007 | As of March 31, 2008 |
|---|----------------------|----------------------|
| (A) Solvency Margin Gross Amount  | 632,801              | 509,138              |
| Capital and Foundation Funds  | 159,996              | 163,380              |
| Reserve for price fluctuations of investments in securities             | 6,384                | 7,050                |
| Contingency reserve   | ----                 | 147                  |
| Catastrophe loss reserve  | 129,541              | 132,279              |
| General allowance for doubtful accounts                                 | 72                   | 65                   |
| Net unrealized gain/loss on securities (Prior to tax effect deductions) | 289,693              | 150,665              |
| Net unrealized gain/loss on real estate                                 | 5,054                | 13,053               |
| Surrender value reserve surplus   | ----                 | ----                 |
| Qualifying subordinated debt  | ----                 | ----                 |
| Deductions  | ----                 | ----                 |
| Others  | 42,058               | 42,495               |
| (B) Total amount of risk  | 109,777              | 96,780               |
| $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$                      |                      |                      |
| Underwriting risk(R <sub>1</sub> )                                      | 19,738               | 19,927               |
| Underwriting risk of third market insurance(R <sub>2</sub> )            | ----                 | ----                 |
| Anticipated yield risk(R <sub>3</sub> )                                 | 607                  | 1,136                |
| Investment risk(R <sub>4</sub> )  | 56,392               | 43,716               |
| Business management risk(R <sub>5</sub> )                               | 2,474                | 2,205                |
| Calamity risk(R <sub>6</sub> )  | 46,982               | 45,495               |
| (C) Solvency margin ratio   | 1,152.8%             | 1,052.1%             |
| $\frac{(A)}{(1/2) \times (B)} \times 100$                               |                      |                      |

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.

Also, "Capital and Foundation Funds" is the amount calculated by deducting planned outflows, valuation/exchange difference, and deferred assets from total net assets, and last year was recorded as "excluding planned outflows, deferred tax assets, and net unrealized gains/losses on securities."

2. Due to revision of the Enforcement Regulation of the Insurance Business Law as of March 31, 2007, the standard for calculating the total solvency margin amount was changed. Consequently, the figures of this fiscal year are calculated based on different standards from those of last fiscal year.

## (9) Segment Information

From fiscal year 2006 to fiscal year 2007, 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.