

# Summary of Financial Results for the Fiscal Year Ended March 31, 2009

\* This is an unofficial English translation of the press release announced on May 20, 2009.

\* All amounts are truncated, and all ratios are rounded.

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Scheduled Date of Ordinary General Meeting of Shareholders: June 25, 2009

Scheduled Date of Filing of Financial Report: June 26, 2009

Scheduled Date of Payment of Year-End Dividend: June 26, 2009

## 1. Consolidated Business Results for the Fiscal Year Ended March 31, 2009

### (1) Consolidated Financial Results

|        | Operating Income |      | Ordinary Income |        | Net Income      |        |
|--------|------------------|------|-----------------|--------|-----------------|--------|
|        | Millions of Yen  | %    | Millions of Yen | %      | Millions of Yen | %      |
| FY2008 | 1,075,517        | -7.0 | -23,028         | -      | -10,943         | -      |
| FY2007 | 1,156,992        | 6.1  | -8,618          | -131.7 | -3,172          | -119.6 |

|        | Net Income Per Share | Diluted Net Income Per Share | Return on Equity | Total Assets<br>Ordinary Income Ratio | Operating Income<br>Ordinary Income Ratio |
|--------|----------------------|------------------------------|------------------|---------------------------------------|---|
|        | Yen                  | Yen                          | %                | %                                     | %   |
| FY2008 | -14.90               | -                            | -3.2             | -0.8                                  | -2.1                                      |
| FY2007 | -4.31                | -                            | -0.6             | -0.3                                  | -0.7                                      |

Note: (i) Ratios show changes from fiscal 2007.

(ii) Diluted net income per share is omitted since net loss is reported for fiscal 2008.

### (2) Consolidated Financial Positions

|        | Total Assets    | Net Assets      | Equity Ratio | Net Assets Per Share |
|--------|-----------------|-----------------|--------------|----------------------|
|        | Millions of Yen | Millions of Yen | %            | Yen                  |
| FY2008 | 2,804,162       | 266,868         | 9.5          | 363.24               |
| FY2007 | 2,987,234       | 422,392         | 14.1         | 574.83               |

(Reference) Equity: 266,670 million yen (As of March 31, 2009), 422,185 million yen (As of March 31, 2008)

### (3) Consolidated Statements of Cash Flows

|        | Net Cash Provided by<br>Operating Activities | Net Cash Provided by<br>Investment Activities | Net Cash Provided by<br>Financing Activities | Cash and Cash Equivalents<br>at End of Period |
|--------|--|---|--|---|
|        | Millions of Yen                              | Millions of Yen                               | Millions of Yen                              | Millions of Yen                               |
| FY2008 | 36,168                                       | 18,189  | -8,032                                       | 163,919                                       |
| FY2007 | 90,243                                       | -52,190                                       | -7,614                                       | 127,841                                       |

## 2. Dividend Per Share

|                   | Dividend Per Share |            |               |          |           | Total Dividend  | Dividend<br>Payout Ratio<br>(Consolidated) | Dividend on<br>Net Assets<br>(Consolidated) |
|-------------------|--------------------|------------|---------------|----------|-----------|-----------------|--|---|
|                   | First Quarter      | First Half | Third Quarter | Year End | Full Year |                 |  |   |
|                   | Yen                | Yen        | Yen           | Yen      | Yen       | Millions of Yen | %  | %   |
| FY2007            | -                  | -          | -             | 10.00    | 10.00     | 7,344           | -  | 1.4   |
| FY2008            | -                  | -          | -             | 10.00    | 10.00     | 7,341           | -  | 2.1   |
| FY2009 (Forecast) | -                  | -          | -             | 10.00    | 10.00     | -               | 91.8                                       | -   |

Note: Consolidated dividend payout ratio is omitted since net loss is reported for fiscal 2007 and 2008.

## 3. Consolidated Business Results Forecast for the Year Ending March 31, 2010

|            | Operating Income |      | Ordinary Income |       | Net Income      |       | Net Income Per Share |
|------------|------------------|------|-----------------|-------|-----------------|-------|----------------------|
|            | Millions of Yen  | %    | Millions of Yen | %     | Millions of Yen | %     | Yen                  |
| First Half | 520,000          | -3.2 | 7,000           | -39.0 | 3,000           | -47.9 | 4.08                 |
| Full Year  | 1,030,000        | -4.2 | 20,000          | -     | 8,000           | -     | 10.89                |

Note: Ratios show changes from the same periods of the previous year.

#### 4. Other

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting principle, procedure, and treatment in preparing consolidated financial statements

(Matters described in "(7) Changes in Accounting Treatments for Consolidated Financial Statements " on page 12.)

a. Changes with revisions of accounting standards: Yes

b. Other changes: None

Note: Please refer to "(7) Changes in Accounting Treatments for Consolidated Financial Statements " on page 12.

(3) The number of stocks issued (Common stocks)

a. The total number of stocks issued (Treasury stocks included):

756,201,411 stocks (As of March 31, 2009), 756,201,411 stocks (As of March 31, 2008)

b. The number of treasury stocks:

22,067,931 shares (As of March 31, 2009), 21,752,158 shares (As of March 31, 2008)

Note: Please refer to "Per Share Information" on page 23 for the number of stocks on which the calculation of net income per share was based.

#### (Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2009

(1) Non-Consolidated Financial Results

|        | Net Premiums Written |      | Ordinary Income |        | Net Income      |        |
|--------|----------------------|------|-----------------|--------|-----------------|--------|
|        | Millions of Yen      | %    | Millions of Yen | %      | Millions of Yen | %      |
| FY2008 | 816,693              | -4.1 | -20,359         | -559.5 | -9,550          | -233.2 |
| FY2007 | 851,849              | 0.1  | 4,431           | -85.1  | 7,171           | -62.0  |

Note: Ratios show changes from fiscal 2007.

|        | Net Income Per Share | Diluted Net Income Per Share | Return On Equity | Loss Ratio | Expense Ratio |
|--------|----------------------|------------------------------|------------------|------------|---------------|
|        | Yen                  | Yen                          | %                | %          | %             |
| FY2008 | -13.00               | -                            | -2.6             | 65.0       | 34.6          |
| FY2007 | 9.76                 | 9.76                         | 1.3              | 62.2       | 33.3          |

Note: (i) Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written x 100

(ii) Expense ratio = (Commissions and brokerage + Operating and general administrative expenses for underwriting) / Net premiums written x 100

(iii) Diluted net income per share is omitted since net loss is reported for fiscal 2008.

(2) Non-Consolidated Financial Positions

|        | Total Assets    | Net Assets      | Equity Ratio | Net Assets Per Share |
|--------|-----------------|-----------------|--------------|----------------------|
|        | Millions of Yen | Millions of Yen | %            | Yen                  |
| FY2008 | 2,419,760       | 291,727         | 12.1         | 397.23               |
| FY2007 | 2,638,595       | 441,106         | 16.7         | 600.59               |

(Reference) Equity: 291,623 million yen (As of March 31, 2009), 441,106 million yen (As of March 31, 2008)

2. Non-Consolidated Financial Results Forecast for the Year Ending March 31, 2010

|            | Net Premiums Written |      | Ordinary Income |       | Net Income      |       | Net Income Per Share |
|------------|----------------------|------|-----------------|-------|-----------------|-------|----------------------|
|            | Millions of Yen      | %    | Millions of Yen | %     | Millions of Yen | %     | Yen                  |
| First Half | 413,000              | -1.2 | 8,000           | -39.8 | 4,000           | -39.3 | 5.44                 |
| Full Year  | 818,000              | 0.2  | 22,000          | -     | 10,000          | -     | 13.62                |

Note: Ratios show changes from the same periods of the previous year.

#### Cautionary Statement with Respect to Forward-Looking Statement

This report, based on currently available information, contains forward-looking statements about future performance and plans of Aioi Insurance Co., Ltd. and its subsidiaries. These statements do not guarantee future performance and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, achievements, or financial positions to be materially different from any future results, performance, achievements or financial positions.

## 1. Business Results and Financial Position

### (1) Business Results

Consolidated Results for the Fiscal Year Ended March 31, 2009

The Japanese economy entered an unprecedented recession due to the economic impact of the worldwide financial crisis started in the U.S. during the fiscal year ended March 31, 2009. Deterioration in earnings resulted in greatly decreasing corporate capital expenditure, and the uncertain future of the economy such as worsened employment conditions negatively influenced consumer spending.

The non-life insurance industry was in a severe situation mainly due to the rapid decline in new car sales, the low rate of new housing starts, and the aging society, as well as deteriorated investment condition caused by declining stock prices.

Under these conditions, we positively worked on a company-wide quality improvement activity, which was a two-year medium-term management plan started in fiscal 2007. This plan called for the implementation of reforms that aims to create a truly customer-oriented company.

We launched two new products, an easy-to-understand auto insurance and an excellent comprehensive medical insurance with coverage for advanced medical care, in April 2008 to reflect customers' opinions. In addition, we revised comprehensive house insurances for various risks in daily life from the view point of understandability in October 2008. As a result, we increased auto insurance contracts centered on non-fleet contracts in spite of the great decrease of new car sales and steadily increased contracts of comprehensive medical insurances and comprehensive homeowner insurances. Furthermore, we improved the quality of the services by strengthening systems of claims payment to completely eliminate the occurrence of inadvertent non-payment of insurance claims, by offering a new program (Peace of Mind Call), which follows up claims to ensure case resolution and provide customers with updates on the progress of their claim, and by promoting resolution of long-term unresolved cases such as bodily injury. As a result of these activities, questionnaire on our Website resulted in greater customer satisfaction. We developed corporate culture to keep improving our business activities by steadily progressing corporate reform for being a customer-first company.

With regard to insurance underwriting business, net premiums written decreased from the previous year due to drastically reduced rates of compulsory automobile liability insurances and decreased insurance premium per policy by increasing no claim discount resulting from decreased number of car accidents, and by increasing the small-sized car market in spite of continuous favorable growth of fire insurance mainly through agents of the housing industry.

Meanwhile, operating expense increased mainly due to system development cost for quality improvement. However, insurance underwriting profit greatly increased by continuously working on underwriting and loss prevention activities, and by realizing speedy claim settlement. In addition, the total amount of insurance claims paid for catastrophes was also low in this fiscal year.

With regard to asset management business, we tried to develop stable and profitable portfolio, but investment income decreased due to the sharp decline in stock prices and the appreciation of the yen.

Aioi Life Insurance Co., Ltd. (hereinafter "Aioi Life") also launched two new products, which were upgraded products of existing leading products, in response to requests from customers to offer life insurances with both living benefit and income benefit for bereaved families in June 2008. The total amount of insurance in force steadily increased due to large sales of these competitive products. Depending on the contract number of these new products, Aioi Life donated money to an authorized NPO, Japan Committee Vaccines For The World's Children, to distribute vaccines to children all over the world. In addition, Aioi Life started new services in August 2008 to provide consultation on products, benefits, and health care to female customers.

Aioi Motor and General Insurance Company of Europe Limited (hereinafter "AMaGIC") and a Toyota's finance business subsidiary, Toyota Financial Service Corporation, together worked on F&I business, which offers both financial services and auto insurance services to Toyota users, to strengthen our operation base for increasing premiums written and operating income. Aioi Life Insurance of Europe AG, a subsidiary of AMaGIC, underwrites credit life insurances of Toyota users in overseas. In addition, we obtained an approval for setting up a local subsidiary in Tianjin, China in December 2008 as the city's first foreign non-life insurance company, and the company officially started operation from April 1, 2009.

As a result, consolidated operating income decreased by 81.4 billion yen (7.0%) to 1,075.5 billion yen, consolidated ordinary loss increased by 14.4 billion yen to 23.0 billion yen, and net loss increased by 7.7 billion yen to 10.9 billion yen as compared to the previous fiscal year.

### Business Results Forecast for the Fiscal Year Ending March 31, 2010

As we stated on page 1, consolidated business results forecast for the fiscal year ending March 31, 2010 is 1,030.0 billion yen in operating income, 20.0 billion yen in ordinary income, and 8.0 billion yen in net income.

As we stated on page 2, non-consolidated business results forecast for the fiscal year ending March 31, 2010 is 818.0 billion yen in net premiums written, 22.0 billion yen in ordinary income, and 10.0 billion yen in net income.

These forecasts are primarily based on the following prerequisites.

- The forecast of net premiums written in operating income is based on our original predictions, taking into consideration the results of previous years. The forecast of net premiums written on a non-consolidated basis excluding compulsory automobile liability insurance increased by 1.3% to 706.0 billion yen as compared to the previous year.
- New net claims paid for natural disasters is projected to be 10.0 billion yen, taking into consideration the results of previous years.
- With regard to the forecast of asset management, market interest rates, currency rates and stock prices are assumed not to be significantly changed from March 31, 2009.

Although business results forecast on a consolidated and non-consolidated basis is based on the above prerequisites, actual results might differ materially from the forecast depending upon various matters.

### (2) Consolidated Financial Position

Net cash provided by operating activities decreased by 54.0 billion yen to 36.1 billion yen as compared with the previous fiscal year mainly due to decreased premium income resulting from rate reduction of compulsory automobile liability insurance. Net cash provided by investment activities increased by 70.3 billion yen to 18.1 billion yen mainly due to profit on sale of securities. Net cash used in financing activities was 8.0 billion yen due to dividends paid. As a result, the net increase in cash and cash equivalents was 36.0 billion yen in fiscal 2008, and the balance of cash and cash equivalents was 163.9 billion yen as of March 31, 2009. Total assets for fiscal 2008 decreased by 183.0 billion yen to 2,804.1 billion yen. Net assets for fiscal 2008 was 266.8 billion yen. Equity ratio was 9.5%, and net assets per share was 363.24 yen.

|                                  | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|----------------------------------|--------|--------|--------|--------|--------|
| Equity Ratios                    | 15.9   | 20.7   | 20.1   | 14.1   | 9.5    |
| Market-Value Basis Equity Ratios | 15.1   | 21.2   | 19.6   | 13.5   | 9.9    |

Note: (i) Equity Ratio = Equity / Total Assets x 100

(ii) Market-Value Basis Equity Ratio = Market Capitalization / Total Assets x 100

(iii) Cash flow to interest-bearing liabilities ratio and interest coverage ratio are not stated since the Aioi group's main business activity is an insurance business.

### **(3) Basic Policy on Profit Distribution and Dividend Distribution for Fiscal 2008 and 2009**

In consideration of the publicness of the insurance business, we seek to secure retained earnings and continue stable dividend distributions for establishing long-term stability of management base in response to corporate growth and management environment changes as our basic policy. Specifically we seek to realize a dividend payment ratio of 40% in the medium- and long- term.

Net loss was reported for this period due to the fluctuations in financial market during this period. However, we intend to propose the payment of 10 yen per share of common stocks as a year-end cash dividend to the ordinary general meeting of shareholders to be held on June 25, 2009 from the viewpoint of the importance of shareholder return. The amount of annual cash dividends for the fiscal year ending March 31, 2010 is forecasted to be 10 yen.

## **2. The Aioi Group**

This information is omitted because there is no important change from the description of the Aioi group's business and information of its subsidiaries and affiliates in the latest annual securities report submitted on June 27, 2008.

**3. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheet**

(Millions of Yen)

|   | FY2007<br>As of March 31, 2008 | FY2008<br>As of March 31, 2009 |
|---|--------------------------------|--------------------------------|
| <b>Assets</b>   |                                |                                |
| Cash and deposits                                     | 105,877                        | 175,202                        |
| Call loans  | 20,000                         | -                              |
| Receivables under resale agreements                   | 7,988                          | 3,298                          |
| Monetary receivables purchased                        | 29,736                         | 19,535                         |
| Money held in trust                                   | 2,222                          | 6,718                          |
| Securities  | 1,959,337                      | 1,642,053                      |
| Loans receivables                                     | 349,852                        | 360,819                        |
| Property, plant and equipment                         | 151,620                        | 150,333                        |
| Land  |                                | 63,440                         |
| Buildings, net  |                                | 75,467                         |
| Lease assets, net                                     |                                | 369                            |
| Construction in progress                              |                                | 11                             |
| Other, net  |                                | 11,044                         |
| Intangible assets                                     | 7,261                          | 9,045                          |
| Software  |                                | 5,583                          |
| Lease assets  |                                | 1,013                          |
| Other   |                                | 2,447                          |
| Other assets  | 238,027                        | 240,800                        |
| Deferred tax assets                                   | 114,659                        | 195,635                        |
| Customers' liabilities for acceptances and guarantees | 3,000                          | 3,000                          |
| Allowance for doubtful accounts                       | -2,350                         | -2,280                         |
| <b>Total assets</b>                                   | <b>2,987,234</b>               | <b>2,804,162</b>               |
| <b>Liabilities</b>                                    |                                |                                |
| Reserve for insurance policy liabilities              | 2,365,349                      | 2,368,818                      |
| Outstanding claims                                    | 327,971                        | 313,809                        |
| Policy reserve and other                              | 2,037,378                      | 2,055,008                      |
| Other liabilities                                     | 162,993                        | 138,870                        |
| Provision for retirement benefits                     | 19,961                         | 20,111                         |
| Provision for directors' retirement benefits          | 1,231                          | 51                             |
| Provision for bonuses                                 | 4,668                          | 4,712                          |
| Reserves under the special laws                       | 7,637                          | 1,729                          |
| Reserve for price fluctuation                         | 7,637                          | 1,729                          |
| Acceptances and guarantees                            | 3,000                          | 3,000                          |
| <b>Total liabilities</b>                              | <b>2,564,841</b>               | <b>2,537,293</b>               |
| <b>Net assets</b>                                     |                                |                                |
| <b>Shareholders' equity</b>                           |                                |                                |
| Capital stock   | 100,005                        | 100,005                        |
| Capital surplus                                       | 44,088                         | 44,092                         |
| Retained earnings                                     | 185,836                        | 167,394                        |
| Treasury stock  | -7,800                         | -7,946                         |
| <b>Total shareholders' equity</b>                     | <b>322,128</b>                 | <b>303,545</b>                 |
| <b>Valuation and translation adjustments</b>          |                                |                                |
| Valuation difference on available-for-sale securities | 99,129                         | -33,506                        |
| Foreign currency translation adjustment               | 927                            | -3,368                         |
| <b>Total valuation and translation adjustments</b>    | <b>100,056</b>                 | <b>-36,875</b>                 |
| Subscription rights to shares                         | -                              | 104                            |
| Minority interests                                    | 207                            | 93                             |
| <b>Total net assets</b>                               | <b>422,392</b>                 | <b>266,868</b>                 |
| <b>Total liabilities and net assets</b>               | <b>2,987,234</b>               | <b>2,804,162</b>               |

**(2) Consolidated Statements of Income**

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Operating income                             | 1,156,992   | 1,075,517   |
| Underwriting income                          | 1,038,610   | 985,723   |
| Net premiums written                         | 871,589   | 829,147   |
| Premiums of saving-type insurance            | 59,802  | 52,954  |
| Investment income from saving type insurance | 22,106  | 20,213  |
| Life insurance premiums                      | 72,019  | 71,249  |
| Reversal of reserve for outstanding claims   | 12,296  | 11,132  |
| Other underwriting income                    | 796   | 1,024   |
| Investment income                            | 116,551   | 87,243  |
| Interest and dividends income                | 89,297  | 51,007  |
| Gain from money held in trust                | 23  | 38  |
| Gain on trading securities                   | 20  | 35  |
| Gain on sales of securities                  | 48,372  | 56,270  |
| Gain on redemption of securities             | 675   | 8   |
| Other investment income                      | 267   | 96  |
| Income credited to saving type insurance     | -22,106   | -20,213   |
| Other operating income                       | 1,830   | 2,551   |
| Operating expenses                           | 1,165,610   | 1,098,545   |
| Underwriting expenses                        | 896,833   | 824,792   |
| Net loss paid                                | 508,958   | 501,550   |
| Loss adjustment expenses                     | 36,003  | 37,732  |
| Commissions and collection fees              | 159,631   | 156,745   |
| Maturity refunds to policyholders            | 104,793   | 92,279  |
| Dividends to policyholders                   | 19  | 128   |
| Life insurance claims paid                   | 12,802  | 13,957  |
| Provision of policy reserve and other        | 68,084  | 20,122  |
| Other underwriting expenses                  | 6,539   | 2,276   |
| Investment expenses                          | 109,513   | 113,520   |
| Loss on sales of securities                  | 9,604   | 12,598  |
| Loss on valuation of securities              | 12,512  | 62,461  |
| Loss on redemption of securities             | -   | 126   |
| Net derivative financial instruments loss    | 84,774  | 11,832  |
| Other investment expenses                    | 2,621   | 26,501  |
| Sales and administrative expenses            | 156,687   | 158,847   |
| Other operating expenses                     | 2,576   | 1,385   |
| Interest expenses                            | 49  | 49  |
| Provision of allowance for doubtful accounts | 185   | 590   |
| Loss from bad debts                          | 4   | 10  |
| Other  | 2,337   | 734   |
| Ordinary loss                                | -8,618  | -23,028   |

(Millions of Yen)

|   | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|---|---|---|
| Extraordinary income                            | 9,384   | 9,853   |
| Gain on disposal of noncurrent assets           | 1,362   | 624   |
| Reversal of reserves under the special laws     | -   | 5,907   |
| Reversal of reserve for price fluctuation       | -   | 5,907   |
| Other   | 8,021   | 3,321   |
| Extraordinary loss                              | 4,920   | 1,429   |
| Loss on disposal of noncurrent assets           | 1,948   | 763   |
| Impairment loss                                 | 869   | 665   |
| Provision of reserves under the special laws    | 1,324   | -   |
| Provision of reserve for price fluctuation      | 1,324   | -   |
| Loss on reduction of real estate                | 65  | -   |
| Other   | 711   | -   |
| Loss before income taxes and minority interests | -4,155  | -14,603   |
| Income taxes-current                            | 206   | 2,485   |
| Income taxes-deferred                           | -1,085  | -6,041  |
| Total income taxes                              |   | -3,556  |
| Minority interests in loss                      | -103  | -103  |
| Net loss  | -3,172  | -10,943   |



### (3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Shareholders' equity   |   |   |
| Capital stock  |   |   |
| Balance at the end of previous period                                    | 100,005   | 100,005   |
| Changes of items during the period                                       |   |   |
| Total changes of items during the period                                 | -   | -   |
| Balance at the end of current period                                     | 100,005   | 100,005   |
| Capital surplus  |   |   |
| Balance at the end of previous period                                    | 44,081  | 44,088  |
| Changes of items during the period                                       |   |   |
| Disposal of treasury stock   | 6   | 4   |
| Total changes of items during the period                                 | 6   | 4   |
| Balance at the end of current period                                     | 44,088  | 44,092  |
| Retained earnings  |   |   |
| Balance at the end of previous period                                    | 196,501   | 185,836   |
| Effect of changes in accounting policies applied to foreign subsidiaries | -   | -153  |
| Changes of items during the period                                       |   |   |
| Dividends from surplus   | -7,344  | -7,344  |
| Net loss   | -3,172  | -10,943   |
| Change of scope of consolidation   | -147  | -   |
| Total changes of items during the period                                 | -10,664   | -18,288   |
| Balance at the end of current period                                     | 185,836   | 167,394   |
| Treasury stock   |   |   |
| Balance at the end of previous period                                    | -7,742  | -7,800  |
| Changes of items during the period                                       |   |   |
| Purchase of treasury stock   | -79   | -171  |
| Disposal of treasury stock   | 20  | 25  |
| Total changes of items during the period                                 | -58   | -145  |
| Balance at the end of current period                                     | -7,800  | -7,946  |
| Total shareholders' equity   |   |   |
| Balance at the end of previous period                                    | 332,845   | 322,128   |
| Effect of changes in accounting policies applied to foreign subsidiaries | -   | -153  |
| Changes of items during the period                                       |   |   |
| Dividends from surplus   | -7,344  | -7,344  |
| Net loss   | -3,172  | -10,943   |
| Change of scope of consolidation   | -147  | -   |
| Purchase of treasury stock   | -79   | -171  |
| Disposal of treasury stock   | 27  | 30  |
| Total changes of items during the period                                 | -10,716   | -18,429   |
| Balance at the end of current period                                     | 322,128   | 303,545   |

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Valuation and translation adjustments                                    |   |   |
| Valuation difference on available-for-sale securities                    |   |   |
| Balance at the end of previous period                                    | 286,410   | 99,129  |
| Changes of items during the period                                       |   |   |
| Net changes of items other than shareholders' equity                     | -187,281  | -132,635  |
| Total changes of items during the period                                 | -187,281  | -132,635  |
| Balance at the end of current period                                     | 99,129  | -33,506   |
| Foreign currency translation adjustment                                  |   |   |
| Balance at the end of previous period                                    | 1,448   | 927   |
| Changes of items during the period                                       |   |   |
| Net changes of items other than shareholders' equity                     | -521  | -4,296  |
| Total changes of items during the period                                 | -521  | -4,296  |
| Balance at the end of current period                                     | 927   | -3,368  |
| Total valuation and translation adjustments                              |   |   |
| Balance at the end of previous period                                    | 287,859   | 100,056   |
| Changes of items during the period                                       |   |   |
| Net changes of items other than shareholders' equity                     | -187,802  | -136,931  |
| Total changes of items during the period                                 | -187,802  | -136,931  |
| Balance at the end of current period                                     | 100,056   | -36,875   |
| Subscription rights to shares  |   |   |
| Balance at the end of previous period                                    | -   | -   |
| Changes of items during the period                                       |   |   |
| Net changes of items other than shareholders' equity                     | -   | 104   |
| Total changes of items during the period                                 | -   | 104   |
| Balance at the end of current period                                     | -   | 104   |
| Minority interests   |   |   |
| Balance at the end of previous period                                    | 26  | 207   |
| Changes of items during the period                                       |   |   |
| Net changes of items other than shareholders' equity                     | 181   | -113  |
| Total changes of items during the period                                 | 181   | -113  |
| Balance at the end of current period                                     | 207   | 93  |
| Total net assets   |   |   |
| Balance at the end of previous period                                    | 620,731   | 422,392   |
| Effect of changes in accounting policies applied to foreign subsidiaries | -   | -153  |
| Changes of items during the period                                       |   |   |
| Dividends from surplus   | -7,344  | -7,344  |
| Net loss   | -3,172  | -10,943   |
| Change of scope of consolidation   | -147  | -   |
| Purchase of treasury stock   | -79   | -171  |
| Disposal of treasury stock   | 27  | 30  |
| Net changes of items other than shareholders' equity                     | -187,621  | -136,941  |
| Total changes of items during the period                                 | -198,338  | -155,370  |
| Balance at the end of current period                                     | 422,392   | 266,868   |

**(4) Consolidated Statements of Cash Flows**

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Net cash provided by (used in) operating activities  |   |   |
| Loss before income taxes and minority interests  | -4,155  | -14,603   |
| Depreciation and amortization  | 11,183  | 12,073  |
| Impairment loss  | 869   | 665   |
| Increase (decrease) in outstanding claims  | -12,296   | -11,132   |
| Increase (decrease) in policy reserve and other  | 68,084  | 20,122  |
| Increase (decrease) in allowance for doubtful accounts   | 92  | -58   |
| Increase (decrease) in provision for retirement benefits   | 605   | 150   |
| Increase (decrease) in provision for directors' retirement benefits                              | 1,231   | -1,179  |
| Increase (decrease) in provision for bonuses   | 143   | 44  |
| Increase (decrease) in reserve for price fluctuation   | 1,324   | -5,907  |
| Interest and dividends income  | -89,297   | -51,007   |
| Loss (gain) related to securities  | -26,951   | 18,902  |
| Interest expenses  | 49  | 49  |
| Foreign exchange losses (gains)  | 1,453   | 2,010   |
| Loss (gain) related to property, plant and equipment   | 651   | 139   |
| Loss (gain) on derivatives   | 84,774  | -   |
| Decrease (increase) in other investing and financing activities assets                           | -29,451   | -10,423   |
| Increase (decrease) in other investing and financing activities liabilities                      | 6,686   | -13,200   |
| Other, net   | 1,404   | 33,838  |
| Subtotal   | 16,400  | -19,514   |
| Interest and dividends income received   | 90,685  | 50,648  |
| Interest expenses paid   | -49   | -49   |
| Income taxes paid  | -16,793   | 5,084   |
| Net cash provided by (used in) operating activities  | 90,243  | 36,168  |
| Net cash provided by (used in) investing activities  |   |   |
| Net increase (decrease) in cash and deposits   | -2,329  | -9,383  |
| Purchases of monetary receivables purchased  | -11,372   | -11   |
| Proceeds from sales and redemption of monetary receivables purchased                             | 4,141   | 9,902   |
| Increase in money held in trust  | -4,641  | -9,829  |
| Decrease in money held in trust  | 7,300   | 5,300   |
| Purchase of short-term investment securities   | -973,614  | -574,544  |
| Proceeds from sales and redemption of securities   | 976,850   | 643,786   |
| Payments of loans receivable   | -88,238   | -98,575   |
| Collection of loans receivable   | 87,129  | 87,195  |
| Other, net   | -41,650   | -24,140   |
| Total of net cash provided by (used in) investment transactions                                  | -46,426   | 29,700  |
| Total of net cash provided by (used in) operating activities and investment transactions         | 43,817  | 65,868  |
| Purchase of property, plant and equipment  | -8,760  | -10,327   |
| Proceeds from sales of property, plant and equipment   | 2,614   | 1,718   |
| Other, net   | 382   | -2,901  |
| Net cash provided by (used in) investing activities  | -52,190   | 18,189  |
| Net cash provided by (used in) financing activities  |   |   |
| Proceeds from disposal of treasury stock   | 27  | 30  |
| Purchase of treasury stock   | -79   | -171  |
| Cash dividends paid  | -7,344  | -7,344  |
| Other, net   | -217  | -546  |
| Net cash provided by (used in) financing activities  | -7,614  | -8,032  |
| Effect of exchange rate change on cash and cash equivalents                                      | -820  | -10,247   |
| Net increase (decrease) in cash and cash equivalents   | 29,618  | 36,077  |
| Cash and cash equivalents at beginning of period   | 96,940  | 127,841   |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 1,282   | -   |
| Cash and cash equivalents at end of period   | 127,841   | 163,919   |

**(5) Note related to the premise of a going concern**

None.

**(6) Important Information for Consolidated Financial Statements**

Items other than changes stated in "(7) Changes in Accounting Treatments for Consolidated Financial Statements" are omitted because there is no important change from the latest annual security report submitted on June 27, 2008.

**(7) Changes in Accounting Treatments for Consolidated Financial Statements**

(i) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No.18) issued by the Accounting Standards Board of Japan on May 17, 2006 is adopted from this fiscal year to adjust consolidated business results. There is almost no impact on profit and loss. With regard to impact on segment information, please refer to "Segment Information" on page 13.

(ii) Non-ownership transfer finance lease transactions were treated as lease transactions. However, Accounting Standard for Lease Transaction (Statement No.13) and Guidance on Accounting Standard for Lease Transactions (Guidance No. 16) which were revised on March 30, 2007 are adopted in preparing consolidated financial statements after April 1, 2008. We use these standards to treat lease transactions as sales transactions. Lease assets are depreciated over the lease period using the straight-line method with no residual value. As a result, there is almost no impact on profit and loss.

**(8) Changes in Items of Consolidated Statements**

(i) "Land", "Buildings, net", "Lease assets, net", "Construction in progress", and "Other, net" in "Property, plant and equipment", and "Software", "Leasing assets", and "Other" in "Intangible assets" are listed as breakdowns from this fiscal year due to the revision of the Ordinance of Enforcement of Insurance Business Law.

(ii) "Loss (gain) on derivatives" was separately listed for fiscal 2007 but was included in "Other, net" of "Net cash provided by (used in) operating activities" for fiscal 2008 due to decreased importance. The amount of "Loss (gain) on derivatives" was 11,832 million yen for fiscal 2008.

## Segment Information

### 1. Segment Information by Class of Business

FY2007 (From April 1, 2007 to March 31, 2008)

(Millions of Yen)

|                                      | Non-life Insurance | Life Insurance | Total     | Elimination | Consolidated |
|--------------------------------------|--------------------|----------------|-----------|-------------|--------------|
| Ordinary Income                      |                    |                |           |             |              |
| 1. Sales to External Customers       | 1,078,155          | 79,227         | 1,157,382 | -390        | 1,156,992    |
| 2. Inter-Segment Sales and Transfers | 1,207              | 152            | 1,360     | -1,360      | -            |
| Total                                | 1,079,363          | 79,379         | 1,158,742 | -1,750      | 1,156,992    |
| Ordinary Expenses                    | 1,079,472          | 87,888         | 1,167,361 | -1,750      | 1,165,610    |
| Ordinary Losses                      | -109               | -8,509         | -8,618    | -0          | -8,618       |
| Assets                               | 2,611,076          | 376,482        | 2,987,558 | -324        | 2,987,234    |
| Depreciation and Amortization        | 10,835             | 347            | 11,183    | -           | 11,183       |
| Impairment Losses                    | 869                | -              | 869       | -           | 869          |
| Capital Expenditure                  | 13,009             | 323            | 13,333    | -           | 13,333       |

Note: (i) Segments are classified based on characteristics of operation of the parent company and its consolidated subsidiaries.

(ii) Major operations of each segment are the following items.

Non-life insurance- Underwriting property, casualty insurance, and investing activities

Life Insurance- Underwriting life insurance and investing activities

(iii) The elimination of ordinary income from sales to external customers in this period is mainly due to adjustment of duplicate data. Because provision for outstanding claims in ordinary expenses relating to life insurance segment is included in reversal of outstanding claims in ordinary income in the consolidated statements of income.

(iv) Changes in accounting treatments

(Depreciation of tangible fixed assets)

Depreciation of tangible fixed assets acquired by the parent company and its domestic consolidated companies on and after April 1, 2007 are treated by a revised accounting method in accordance with Corporate Tax Law of Japan after tax reform in fiscal 2007. As a result, ordinary expenses and ordinary losses of non-life insurance segment increased by 139 million yen. Meanwhile, there is almost no impact on life insurance segment due to this change.

(Additional information)

Regarding tangible fixed assets acquired on and before March 31, 2007, the parent company and its domestic consolidated subsidiaries adopt a depreciation method based on Corporate Tax Law of Japan before tax reform in fiscal 2007. As a result, the difference between a value equivalent to 5% of the acquisition cost of a tangible fixed asset and memorandum value of the asset is equally depreciated in five fiscal years, and is reported as loss adjustment expenses and operating and general administrative expenses in the five fiscal years from the next fiscal year following the year when a depreciated value of the asset reaches 5% of the acquisition cost. Ordinary expenses and ordinary loss of non-life insurance segment increased by 271 million yen. Meanwhile, there is almost no impact on life insurance segment due to this change.

(Liability for directors' retirement benefits)

Liability for directors' retirement benefits is listed in the balance sheets of the parent company and Aioi Life Company, Limited from this period due to a revised accounting method in accordance with Special Taxation Measures Law. As a result, ordinary losses of non-life insurance segment decreased by 189 million yen. Meanwhile, there is almost no impact on life insurance segment due to this change.

FY2008 (From April 1, 2008 to March 31, 2009)

(Millions of Yen)

|                                      | Non-life Insurance | Life Insurance | Total     | Elimination | Consolidated |
|--------------------------------------|--------------------|----------------|-----------|-------------|--------------|
| Ordinary Income                      |                    |                |           |             |              |
| 1. Sales to External Customers       | 1,020,848          | 79,824         | 1,100,672 | -25,154     | 1,075,517    |
| 2. Inter-Segment Sales and Transfers | 1,225              | 145            | 1,371     | -1,371      | -            |
| Total                                | 1,022,073          | 79,969         | 1,102,043 | -26,525     | 1,075,517    |
| Ordinary Expenses                    | 1,046,075          | 78,996         | 1,125,071 | -26,525     | 1,098,545    |
| Ordinary Losses                      | -24,001            | 973            | -23,028   | -0          | -23,028      |
| Assets                               | 2,381,773          | 422,500        | 2,804,274 | -111        | 2,804,162    |
| Depreciation and Amortization        | 11,653             | 420            | 12,073    | -           | 12,073       |
| Impairment Losses                    | 665                | -              | 665       | -           | 665          |
| Capital Expenditure                  | 17,652             | 1,617          | 19,270    | -           | 19,270       |

Note: (i) Segments are classified based on characteristics of operation of the parent company and its consolidated subsidiaries.

(ii) Major operations of each segment are the following items.

Non-life insurance- Underwriting property, casualty insurance, and investment activities

Life Insurance- Underwriting life insurance and investment activities

(iii) The elimination of ordinary income from sales to external customers in this period is mainly due to adjustment of duplicate data. Because provision for outstanding claims in ordinary expenses relating to life insurance segment is included in reversal of outstanding claims in ordinary income in the consolidated statements of income.

(iv) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No.18) issued by the Accounting Standards Board of Japan on May 17, 2006 is adopted from this fiscal year to adjust consolidated business results. As a result, ordinary income related to life insurance segment decreased by 149 million yen compared to the ordinary method. There is almost no impact on profit and loss.

## 2. Segment Information by Location

FY2007 (From April 1, 2007 to March 31, 2008)

Segment information by location is omitted, because domestic sales and assets constitute more than 90% of the aggregated amount of ordinary income and assets of all segments.

FY2008 (From April 1, 2008 to March 31, 2009)

Segment information by location is omitted, because domestic sales and assets constitute more than 90% of the aggregated amount of ordinary income and assets of all segments.

## 3. Overseas Sales

FY2007 (From April 1, 2007 to March 31, 2008)

Information of overseas sales is omitted, because overseas ordinary income constitute less than 10% of consolidated ordinary income.

FY2008 (From April 1, 2008 to March 31, 2009)

Information of overseas sales is omitted, because overseas ordinary income constitute less than 10% of consolidated ordinary income.

## Transaction with Related Parties

FY2007 (From April 1, 2007 to March 31, 2008)

None.

FY2008 (From April 1, 2008 to March 31, 2009)

None.

## Income Taxes

| FY2007<br>(As of March 31, 2008)  | FY2008<br>(As of March 31, 2009)   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
|---|--|---------|--------------------------|--------|--------------------|--------|--|--------|--------------|-------|-------|---------------|----------|---------|---------------------|---------------|-------|----------------|---|---------|-------|---------------|-------|----------------|--|---------------------------------|---------|--------------------------|--------|--|--------|--|--------|--------------|-------|-------|---------------|----------|---------|---------------------|---------------|-------|----------------|-----------------------------|--------|-------|------|-------|---------------|
| <p>1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities</p> <p style="text-align: right;">(Millions of Yen)</p> <p><b>Deferred Tax Assets</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Underwriting Reserves and Other</td> <td style="text-align: right;">113,648</td> </tr> <tr> <td>Investment in Securities</td> <td style="text-align: right;">11,667</td> </tr> <tr> <td>Outstanding Claims</td> <td style="text-align: right;">11,385</td> </tr> <tr> <td>Assets Contributed to Employees' Retirement Benefit Trusts</td> <td style="text-align: right;">10,495</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">9,166</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>16,788</u></td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;">173,152</td> </tr> <tr> <td>Valuation Allowance</td> <td style="text-align: right;"><u>-7,326</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>165,825</u></td> </tr> </table><br><p><b>Deferred Tax Liabilities</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Unrealized Gains on Available-for-Sale Securities</td> <td style="text-align: right;">-49,051</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>-2,114</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>-51,166</u></td> </tr> </table><br><p>Net Deferred Tax Assets <span style="float: right;"><u>114,659</u></span></p> | Underwriting Reserves and Other  | 113,648 | Investment in Securities | 11,667 | Outstanding Claims | 11,385 | Assets Contributed to Employees' Retirement Benefit Trusts | 10,495 | Depreciation | 9,166 | Other | <u>16,788</u> | Subtotal | 173,152 | Valuation Allowance | <u>-7,326</u> | Total | <u>165,825</u> | Unrealized Gains on Available-for-Sale Securities | -49,051 | Other | <u>-2,114</u> | Total | <u>-51,166</u> | <p>1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities</p> <p style="text-align: right;">(Millions of Yen)</p> <p><b>Deferred Tax Assets</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Underwriting Reserves and Other</td> <td style="text-align: right;">116,722</td> </tr> <tr> <td>Investment in Securities</td> <td style="text-align: right;">34,149</td> </tr> <tr> <td>Valuation Difference on Available-for-Securities</td> <td style="text-align: right;">20,513</td> </tr> <tr> <td>Assets Contributed to Employees' Retirement Benefit Trusts</td> <td style="text-align: right;">10,877</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">9,864</td> </tr> <tr> <td>Other</td> <td style="text-align: right;"><u>15,823</u></td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;">207,950</td> </tr> <tr> <td>Valuation Allowance</td> <td style="text-align: right;"><u>-9,229</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>198,720</u></td> </tr> </table><br><p><b>Deferred Tax Liabilities</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for Reduction Entry</td> <td style="text-align: right;">-2,201</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">-884</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>-3,085</u></td> </tr> </table><br><p>Net Deferred Tax Assets <span style="float: right;"><u>195,635</u></span></p> | Underwriting Reserves and Other | 116,722 | Investment in Securities | 34,149 | Valuation Difference on Available-for-Securities | 20,513 | Assets Contributed to Employees' Retirement Benefit Trusts | 10,877 | Depreciation | 9,864 | Other | <u>15,823</u> | Subtotal | 207,950 | Valuation Allowance | <u>-9,229</u> | Total | <u>198,720</u> | Reserve for Reduction Entry | -2,201 | Other | -884 | Total | <u>-3,085</u> |
| Underwriting Reserves and Other   | 113,648  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Investment in Securities  | 11,667   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Outstanding Claims  | 11,385   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Assets Contributed to Employees' Retirement Benefit Trusts  | 10,495   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Depreciation  | 9,166  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Other   | <u>16,788</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Subtotal  | 173,152  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Valuation Allowance   | <u>-7,326</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Total   | <u>165,825</u>   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Unrealized Gains on Available-for-Sale Securities   | -49,051  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Other   | <u>-2,114</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Total   | <u>-51,166</u>   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Underwriting Reserves and Other   | 116,722  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Investment in Securities  | 34,149   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Valuation Difference on Available-for-Securities  | 20,513   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Assets Contributed to Employees' Retirement Benefit Trusts  | 10,877   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Depreciation  | 9,864  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Other   | <u>15,823</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Subtotal  | 207,950  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Valuation Allowance   | <u>-9,229</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Total   | <u>198,720</u>   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Reserve for Reduction Entry   | -2,201   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Other   | -884   |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| Total   | <u>-3,085</u>  |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |
| <p>2. Reconciliation between Statutory Tax Rates and Effective Income Tax Rates</p> <p>Reconciliation is not disclosed since loss before income taxes is reported for this period. The statutory tax rate is 36.10%.</p>  | <p>2. Reconciliation between Statutory Tax Rates and Effective Income Tax Rates</p> <p>Reconciliation is not disclosed since loss before income taxes is reported for this period. The statutory tax rate is 36.10%.</p> |         |                          |        |                    |        |  |        |              |       |       |               |          |         |                     |               |       |                |   |         |       |               |       |                |  |                                 |         |                          |        |  |        |  |        |              |       |       |               |          |         |                     |               |       |                |                             |        |       |      |       |               |

## Investment in Securities

### 1. Trading Securities

(Millions of Yen)

|       | FY2007 (As of March 31, 2008)     |  | FY2008 (As of March 31, 2009)     |  |
|-------|-----------------------------------|--|-----------------------------------|--|
|       | Consolidated Balance Sheet Amount | Valuation Difference Included in Profit and Loss | Consolidated Balance Sheet Amount | Valuation Difference Included in Profit and Loss |
| Total | 5,025                             | -2   | 19                                | -7   |

### 2. Marketable Bonds Held to Maturity

None.

### 3. Marketable Bonds Earmarked for Underwriting Reserve

(Millions of Yen)

|  |                    | FY2007 (As of March 31, 2008)     |            |            | FY2008 (As of March 31, 2009)     |            |            |
|--|--------------------|-----------------------------------|------------|------------|-----------------------------------|------------|------------|
|  |                    | Consolidated Balance Sheet Amount | Fair Value | Difference | Consolidated Balance Sheet Amount | Fair Value | Difference |
| Fair Value Exceeds Consolidated Balance Sheet Amount         | Bonds              | 233,467                           | 242,667    | 9,200      | 269,593                           | 280,257    | 10,664     |
|  | Foreign Securities | 2,771                             | 2,982      | 211        | 2,843                             | 3,098      | 254        |
|  | Subtotal           | 236,238                           | 245,649    | 9,411      | 272,436                           | 283,355    | 10,918     |
| Fair Value does not Exceed Consolidated Balance Sheet Amount | Bonds              | 38,758                            | 37,073     | -1,685     | 30,381                            | 28,850     | -1,530     |
|  | Foreign Securities | 200                               | 199        | -0         | 410                               | 399        | -10        |
|  | Subtotal           | 38,958                            | 37,272     | -1,685     | 30,791                            | 29,250     | -1,541     |
| Total  |                    | 275,197                           | 282,922    | 7,725      | 303,227                           | 312,605    | 9,377      |

### 4. Marketable Securities Available for Sale

(Millions of Yen)

|  |                    | FY2007 (As of March 31, 2008) |                                   |            | FY2008 (As of March 31, 2009) |                                   |            |
|--|--------------------|-------------------------------|-----------------------------------|------------|-------------------------------|-----------------------------------|------------|
|  |                    | Cost                          | Consolidated Balance Sheet Amount | Difference | Cost                          | Consolidated Balance Sheet Amount | Difference |
| Consolidated Balance Sheet Amount Exceeds Cost         | Bonds              | 685,412                       | 699,736                           | 14,324     | 506,129                       | 517,998                           | 11,868     |
|  | Equity Securities  | 197,133                       | 366,866                           | 169,733    | 106,760                       | 126,587                           | 19,826     |
|  | Foreign Securities | 66,331                        | 72,764                            | 6,432      | 13,118                        | 14,848                            | 1,730      |
|  | Other              | 35,760                        | 36,554                            | 794        | 8,045                         | 8,113                             | 67         |
|  | Subtotal           | 984,637                       | 1,175,922                         | 191,285    | 634,054                       | 667,548                           | 33,493     |
| Consolidated Balance Sheet Amount does not Exceed Cost | Bonds              | 97,582                        | 95,585                            | -1,997     | 104,837                       | 100,939                           | -3,897     |
|  | Equity Securities  | 42,297                        | 38,620                            | -3,676     | 162,569                       | 142,718                           | -19,850    |
|  | Foreign Securities | 324,521                       | 301,932                           | -22,588    | 336,714                       | 294,516                           | -42,198    |
|  | Other              | 73,724                        | 66,008                            | -7,716     | 128,376                       | 108,607                           | -19,769    |
|  | Subtotal           | 538,125                       | 502,146                           | -35,978    | 732,497                       | 646,782                           | -85,715    |
| Total  |                    | 1,522,762                     | 1,678,068                         | 155,306    | 1,366,552                     | 1,314,330                         | -52,221    |

Note: Other includes loan trust beneficiary right presented as monetary receivables purchased in the consolidated balance sheet.

### 5. Bonds Held to Maturity which were Sold

None.

### 6. Bonds Earmarked for Underwriting Reserve which were Sold

(Millions of Yen)

|       | FY2007<br>From April 1, 2007 to March 31, 2008 |                |                 | FY2008<br>From April 1, 2008 to March 31, 2009 |                |                 |
|-------|--|----------------|-----------------|--|----------------|-----------------|
|       | Sales Value                                    | Gains on Sales | Losses on Sales | Sales Value                                    | Gains on Sales | Losses on Sales |
| Total | 802  | 13             | 0               | 1,945  | 5              | 0               |



7. Available-for-Sale Securities which were Sold

(Millions of Yen)

|       | FY2007<br>From April 1, 2007 to March 31, 2008 |                |                 | FY2008<br>From April 1, 2008 to March 31, 2009 |                |                 |
|-------|--|----------------|-----------------|--|----------------|-----------------|
|       | Sales Value                                    | Gains on Sales | Losses on Sales | Sales Value                                    | Gains on Sales | Losses on Sales |
| Total | 774,901  | 48,358         | 9,604           | 514,586  | 56,265         | 12,598          |

8. Details and Amounts Recorded in the Consolidated Balance Sheet of Securities which are not Valued at Fair Value

(Millions of Yen)

| FY2007 (As of March 31, 2008)     |        | FY2008 (As of March 31, 2009)     |        |
|-----------------------------------|--------|-----------------------------------|--------|
| (1) Bonds Held to Maturity        |        | (1) Bonds Held to Maturity        |        |
| Bonds                             | 348    | Bonds                             | 119    |
| (2) Available-for-Sale Securities |        | (2) Available-for-Sale Securities |        |
| Equity Securities                 | 15,061 | Equity Securities                 | 26,381 |
| Other                             | 6,637  | Foreign Securities                | 3,800  |
| Total                             | 21,698 | Other                             | 4,898  |
|                                   |        | Total                             | 35,080 |

Note: Other includes real estate trust beneficiary right presented as monetary receivable bought in the consolidated balance sheet.

9. Available-for-Sale Securities with Contractual Maturities Classified as Available-for-Sale, Held-to-Maturity, and Securities Earmarked for Underwriting Reserve

(Millions of Yen)

| Type               | FY2007 (As of March 31, 2008) |                                  |                                    |                    | FY2008 (As of March 31, 2009) |                                  |                                    |                    |
|--------------------|-------------------------------|----------------------------------|------------------------------------|--------------------|-------------------------------|----------------------------------|------------------------------------|--------------------|
|                    | Due in 1 Year or Less         | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years | Due in 1 Year or Less         | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| Government Bonds   | 56,886                        | 56,925                           | 159,605                            | 356,355            | 17,722                        | 80,525                           | 144,001                            | 279,872            |
| Municipal Bonds    | 1,097                         | 8,185                            | 21,245                             | 36,695             | 881                           | 11,128                           | 13,601                             | 38,529             |
| Corporate Bonds    | 43,600                        | 168,860                          | 77,794                             | 80,642             | 35,981                        | 139,722                          | 82,487                             | 74,577             |
| Foreign Securities | 567                           | 62,276                           | 136,914                            | 26,913             | 6,110                         | 73,141                           | 132,244                            | 14,908             |
| Other              | 4,181                         | 7,488                            | 15,866                             | 26,117             | 1,010                         | 7,795                            | 20,237                             | 16,209             |
| Total              | 106,333                       | 303,737                          | 411,425                            | 526,725            | 61,707                        | 312,311                          | 392,573                            | 424,098            |

Note: Other includes loan trust beneficiary right presented as monetary receivables purchased in the consolidated balance sheet.

10. Impairment Loss on Available-for-Sale Securities

| FY2007 (As of March 31, 2008)   | FY2008 (As of March 31, 2009)   |
|---|---|
| The parent company and Aioi Life recognized 12,512 million yen as impairment loss in the consolidated statements of income when fair value of available-for-sale securities declined by more than 30% compared to their cost. | The parent company recognized 62,461 million yen as impairment loss. The parent company and domestic subsidiaries recognize as impairment loss when fair value of available-for-sale securities declined by more than 30% compared to their cost. |

## Money Held in Trust

1. Money Held in Trust for Trading Purposes

(Millions of Yen)

|       | FY2007 (As of March 31, 2008) |                  | FY2008 (As of March 31, 2009) |                  |
|-------|-------------------------------|------------------|-------------------------------|------------------|
|       | Aggregated Cost               | Gains Recognized | Aggregated Cost               | Gains Recognized |
| Total | 200                           | -                | 4,708                         | 9                |

2. Money Held in Trust for Held-to-Maturity Purposes

None.

3. Money Held in Trust Other than the Above Purposes

(Millions of Yen)

|       | FY2007 (As of March 31, 2008) |                                   |            | FY2008 (As of March 31, 2009) |                                   |            |
|-------|-------------------------------|-----------------------------------|------------|-------------------------------|-----------------------------------|------------|
|       | Cost                          | Consolidated Balance Sheet Amount | Difference | Cost                          | Consolidated Balance Sheet Amount | Difference |
| Total | 2,191                         | 2,022                             | -169       | 2,221                         | 2,010                             | -211       |

## Derivative Transaction

Contract amounts in the below charts are nominal contract amounts or notional amounts for a purpose of calculation, and those amounts do not directly mean market risks and credit risks.

### Contract Amount, Fair Value, and Unrealized Gains and Losses of Derivative Financial Instruments

(1) Currency-Related Transaction

(Millions of Yen)

| Type             | Transaction                     | FY2007 (As of March 31, 2008) |                  |            |                             | FY2008 (As of March 31, 2009) |                  |            |                             |
|------------------|---------------------------------|-------------------------------|------------------|------------|-----------------------------|-------------------------------|------------------|------------|-----------------------------|
|                  |                                 | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses |
|                  |                                 |                               | Due after 1 Year |            |                             |                               | Due after 1 Year |            |                             |
| Over-the-counter | Foreign Exchange Forward Buying |                               |                  |            |                             |                               |                  |            |                             |
|                  | U.S.\$                          | 57,568                        | -                | 55,609     | -1,959                      | 45,622                        | -                | 46,555     | 933                         |
|                  | Euro                            | 19,601                        | -                | 19,597     | -4                          | -                             | -                | -          | -                           |
|                  | Total                           | -                             | -                | -          | -1,963                      | -                             | -                | -          | 933                         |

Note: Fair values of foreign exchange transactions are calculated based on the forward exchange rate as of the year-end dates.

(2) Interest Rate-Related Transaction

(Millions of Yen)

| Type             | Transaction                                   | FY2007 (As of March 31, 2008) |                  |            |                             | FY2008 (As of March 31, 2009) |                  |            |                             |
|------------------|---|-------------------------------|------------------|------------|-----------------------------|-------------------------------|------------------|------------|-----------------------------|
|                  |   | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses |
|                  |   |                               | Due after 1 Year |            |                             |                               | Due after 1 Year |            |                             |
| Over-the-counter | Interest Rate Swaps                           |                               |                  |            |                             |                               |                  |            |                             |
|                  | Fixed Rate Receipts and Floating Rate Payment | 3,500                         | 3,500            | 153        | 153                         | 3,500                         | 2,500            | 156        | 156                         |
|                  | Total   | -                             | -                | -          | 153                         | -                             | -                | -          | 156                         |

Note: Fair values are calculated based on prices indicated from financial institutions, which have business relationships with us.

(3) Other Transaction

(Millions of Yen)

| Type             | Transaction        | FY2007 (As of March 31, 2008) |                  |            |                             | FY2008 (As of March 31, 2009) |                  |            |                             |
|------------------|--------------------|-------------------------------|------------------|------------|-----------------------------|-------------------------------|------------------|------------|-----------------------------|
|                  |                    | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses | Contract Amount               |                  | Fair Value | Unrealized Gains and Losses |
|                  |                    |                               | Due after 1 Year |            |                             |                               | Due after 1 Year |            |                             |
| Over-the-counter | Credit Derivatives |                               |                  |            |                             |                               |                  |            |                             |
|                  | Selling            | 158,665                       | 158,665          | -43,490    | -43,490                     | 85,811                        | 72,811           | -31,435    | -31,435                     |
|                  | Total              | -                             | -                | -          | -43,490                     | -                             | -                | -          | -31,435                     |

Note: Fair values are based on prices indicated from financial institutions, which have business relationships with us.

## Employees' Retirement Benefits and Pension Plan

| FY2007   | FY2008  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
|--|---|----------|---------------------------|----------------|--|--------|---|--------------|---|--------------|--|---------------|----------------------|---------------|---|----------------|---|------------------------------|----------|---------------------------|----------------|--------------------------------|---------|---|---------------|---|--------------|----------|------------|----------------------|---------------|---|----------------|
| <p>1. Applied Retirement Benefit Plan<br/>The parent company has a defined contribution plan and a defined benefit plan consisting of a corporate pension fund, an approved retirement annuity, and a lump sum severance payment, and set up an employee retirement benefit trust using the corporate pension fund and the lump sum severance payment.<br/>Aioi Life also has a lump sum severance payment as a defined benefit plan and a defined contribution pension plan.<br/>The parent company transferred a portion of a retirement benefit plan to a defined contribution pension plan in September 2007 in accordance with an accounting standard for transfer between retirement benefit plans issued by the Accounting Standards Board of Japan on January 31, 2002. Other extraordinary gains amounted to 8,021 million yen due to this change.</p>  | <p>1. Applied Retirement Benefit Plan<br/>The parent company has a defined contribution plan and a defined benefit plan consisting of a corporate pension fund, an approved retirement annuity, and a lump sum severance payment, and set up an employee retirement benefit trust using the corporate pension fund and the lump sum severance payment.<br/>Aioi Life also has a lump sum severance payment as a defined benefit plan and a defined contribution pension plan.</p> |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| <p>2. Retirement Benefit Obligation (As of March 31, 2008)<br/>(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected Benefit Obligation</td> <td style="text-align: right;">-127,650</td> </tr> <tr> <td>Fair Value of Plan Assets</td> <td style="text-align: right;"><u>140,475</u></td> </tr> <tr> <td>Unreserved Benefit Obligation</td> <td style="text-align: right;">12,825</td> </tr> <tr> <td>Unrecognized Actuarial Difference</td> <td style="text-align: right;"><u>3,450</u></td> </tr> <tr> <td>Net Amount Stated on Consolidated Balance</td> <td style="text-align: right;">16,275</td> </tr> <tr> <td>Sheets</td> <td></td> </tr> <tr> <td>Prepaid Pension Cost</td> <td style="text-align: right;"><u>36,237</u></td> </tr> <tr> <td>Net Liability for Employees' Retirement</td> <td style="text-align: right;"><u>-19,961</u></td> </tr> </table> <p>Note: As for a part of a severance lump-sum payment plan of the parent company and a severance lump-sum payment plan of Aioi Life, projected benefit obligation is calculated by compendium method.</p>                | Projected Benefit Obligation  | -127,650 | Fair Value of Plan Assets | <u>140,475</u> | Unreserved Benefit Obligation                          | 12,825 | Unrecognized Actuarial Difference                 | <u>3,450</u> | Net Amount Stated on Consolidated Balance | 16,275       | Sheets   |               | Prepaid Pension Cost | <u>36,237</u> | Net Liability for Employees' Retirement | <u>-19,961</u> | <p>2. Retirement Benefit Obligation (As of March 31, 2009)<br/>(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected Benefit Obligation</td> <td style="text-align: right;">-127,247</td> </tr> <tr> <td>Fair Value of Plan Assets</td> <td style="text-align: right;"><u>108,757</u></td> </tr> <tr> <td>Unreserved Benefit Obligation</td> <td style="text-align: right;">-18,490</td> </tr> <tr> <td>Unrecognized Actuarial Difference</td> <td style="text-align: right;"><u>38,298</u></td> </tr> <tr> <td>Net Amount Stated on Consolidated Balance</td> <td style="text-align: right;">19,808</td> </tr> <tr> <td>Sheets</td> <td></td> </tr> <tr> <td>Prepaid Pension Cost</td> <td style="text-align: right;"><u>39,919</u></td> </tr> <tr> <td>Net Liability for Employees' Retirement</td> <td style="text-align: right;"><u>-20,111</u></td> </tr> </table> <p>Note: As for a part of a severance lump-sum payment plan of the parent company and a severance lump-sum payment plan of Aioi Life, projected benefit obligation is calculated by compendium method.</p> | Projected Benefit Obligation | -127,247 | Fair Value of Plan Assets | <u>108,757</u> | Unreserved Benefit Obligation  | -18,490 | Unrecognized Actuarial Difference                 | <u>38,298</u> | Net Amount Stated on Consolidated Balance | 19,808       | Sheets   |            | Prepaid Pension Cost | <u>39,919</u> | Net Liability for Employees' Retirement | <u>-20,111</u> |
| Projected Benefit Obligation   | -127,650  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Fair Value of Plan Assets  | <u>140,475</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Unreserved Benefit Obligation  | 12,825  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Unrecognized Actuarial Difference  | <u>3,450</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Amount Stated on Consolidated Balance  | 16,275  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Sheets   |   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Prepaid Pension Cost   | <u>36,237</u>   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Liability for Employees' Retirement  | <u>-19,961</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Projected Benefit Obligation   | -127,247  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Fair Value of Plan Assets  | <u>108,757</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Unreserved Benefit Obligation  | -18,490   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Unrecognized Actuarial Difference  | <u>38,298</u>   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Amount Stated on Consolidated Balance  | 19,808  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Sheets   |   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Prepaid Pension Cost   | <u>39,919</u>   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Liability for Employees' Retirement  | <u>-20,111</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| <p>3. Retirement Benefit Expenses<br/>(From April 1, 2007 to March 31, 2008)<br/>(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Service Cost *1</td> <td style="text-align: right;">3,993</td> </tr> <tr> <td>Interest Cost</td> <td style="text-align: right;">2,657</td> </tr> <tr> <td>Expected Return on Plan Assets</td> <td style="text-align: right;">-1,655</td> </tr> <tr> <td>Amortization of Unrecognized Actuarial Difference</td> <td style="text-align: right;">-2,476</td> </tr> <tr> <td>Net Periodic Benefit Costs</td> <td style="text-align: right;"><u>2,518</u></td> </tr> <tr> <td>Other extraordinary gains due to the change</td> <td style="text-align: right;"><u>-8,021</u></td> </tr> <tr> <td>Other *2</td> <td style="text-align: right;"><u>376</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">-5,126</td> </tr> </table> <p>*1 Net periodic benefit costs for a severance lump-sum payment plan, which is calculated by compendium method, are included in service cost.<br/>*2 Other is premium for the defined contribution pension plan.</p> | Service Cost *1   | 3,993    | Interest Cost             | 2,657          | Expected Return on Plan Assets                         | -1,655 | Amortization of Unrecognized Actuarial Difference | -2,476       | Net Periodic Benefit Costs                | <u>2,518</u> | Other extraordinary gains due to the change  | <u>-8,021</u> | Other *2             | <u>376</u>    | Total                                   | -5,126         | <p>3. Retirement Benefit Expenses<br/>(From April 1, 2008 to March 31, 2009)<br/>(Millions of Yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Service Cost *1</td> <td style="text-align: right;">3,426</td> </tr> <tr> <td>Interest Cost</td> <td style="text-align: right;">2,515</td> </tr> <tr> <td>Expected Return on Plan Assets</td> <td style="text-align: right;">-1,567</td> </tr> <tr> <td>Amortization of Unrecognized Actuarial Difference</td> <td style="text-align: right;">471</td> </tr> <tr> <td>Net Periodic Benefit Costs</td> <td style="text-align: right;"><u>4,844</u></td> </tr> <tr> <td>Other *2</td> <td style="text-align: right;"><u>666</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5,511</td> </tr> </table> <p>*1 Net periodic benefit costs for a severance lump-sum payment plan, which is calculated by compendium method, are included in service cost.<br/>*2 Other is premium for the defined contribution pension plan.</p>  | Service Cost *1              | 3,426    | Interest Cost             | 2,515          | Expected Return on Plan Assets | -1,567  | Amortization of Unrecognized Actuarial Difference | 471           | Net Periodic Benefit Costs                | <u>4,844</u> | Other *2 | <u>666</u> | Total                | 5,511         |   |                |
| Service Cost *1  | 3,993   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Interest Cost  | 2,657   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Expected Return on Plan Assets   | -1,655  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Amortization of Unrecognized Actuarial Difference  | -2,476  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Periodic Benefit Costs   | <u>2,518</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Other extraordinary gains due to the change  | <u>-8,021</u>   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Other *2   | <u>376</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Total  | -5,126  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Service Cost *1  | 3,426   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Interest Cost  | 2,515   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Expected Return on Plan Assets   | -1,567  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Amortization of Unrecognized Actuarial Difference  | 471   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Net Periodic Benefit Costs   | <u>4,844</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Other *2   | <u>666</u>  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Total  | 5,511   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| <p>4. Basis of Calculation for Retirement Benefit Obligation<br/>Method of Allocation of Estimated Retirement Benefit Expenses-<br/>Straight Line Method</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Discount Rate</td> <td style="text-align: right;">2.0%</td> </tr> <tr> <td>Expected Rate of Return</td> <td></td> </tr> <tr> <td>    Corporate Pension Fund and Approved Retirement Annuity</td> <td style="text-align: right;">2.0%</td> </tr> <tr> <td>    Employee Retirement Benefit Trust</td> <td style="text-align: right;">0.0%</td> </tr> <tr> <td>Amortization Period of Prior Service Cost</td> <td style="text-align: right;">1 Year</td> </tr> </table> <p>(All expenses are accounted at the time of occurrence.)<br/>Amortization Period of Unrecognized Actuarial Difference<br/>12 Years<br/>(Occurred expenses are accounted from the following fiscal year using the straight-line method over a standard number of years within the average remaining work period of employees.)</p>   | Discount Rate   | 2.0%     | Expected Rate of Return   |                | Corporate Pension Fund and Approved Retirement Annuity | 2.0%   | Employee Retirement Benefit Trust                 | 0.0%         | Amortization Period of Prior Service Cost | 1 Year       | <p>4. Basis of Calculation for Retirement Benefit Obligation<br/>Same as left.</p> |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Discount Rate  | 2.0%  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Expected Rate of Return  |   |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Corporate Pension Fund and Approved Retirement Annuity   | 2.0%  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Employee Retirement Benefit Trust  | 0.0%  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |
| Amortization Period of Prior Service Cost  | 1 Year  |          |                           |                |  |        |   |              |   |              |  |               |                      |               |   |                |   |                              |          |                           |                |                                |         |   |               |   |              |          |            |                      |               |   |                |

## Stock Options

Fiscal 2007 (From April 1, 2007 to March 31, 2008)

### 1. Outline of Stock Options and Changes

#### (1) Outline of Stock Options

|   |  |
|---|--|
| Date of Issue Resolution                | June 27, 2003  |
| The Number of Grantees and Their Titles | Aioi Insurance: 15 Directors, 26 Officers and 306 Employees<br>Subsidiaries and Related Companies: 38 Directors, 8 Officers and 33 Employees |
| The Number of Stock Options             | 4,350,000 Common Stocks  |
| Grant Date                              | August 1, 2003   |
| Condition of Vesting                    | N.A.   |
| Requisite Service Period                | N.A.   |
| Exercise Period                         | From July 1, 2005 to June 30, 2007   |

#### (2) Stock Options Granted and Changes

##### (i) The Number of Stock Options

(Stocks)

|   |        |
|---|--------|
| The Number of Exercisable Stock Options at the End of Fiscal 2007 | 80,000 |
| The Number of Stock Options Granted                               | 0      |
| The Number of Stock Options Exercised at the End of Fiscal 2008   | 25,000 |
| The Number of Stock Options Forfeited at the End of Fiscal 2008   | 55,000 |
| The Number of Exercisable Stock Options at the End of Fiscal 2008 | 0      |

##### (ii) Price Information

(Yen)

|                        |     |
|------------------------|-----|
| Exercise Price         | 311 |
| Average Exercise Price | 828 |

Fiscal 2008 (From April 1, 2008 to March 31, 2009)

1. The Amount of Stock Options to be Expensed in this Fiscal Year

Sales and Administrative Expenses

104 Million Yen

2. Outline of Stock Options and Changes

(1) Outline of Stock Options

|   |  |
|---|--|
| Date of Issue Resolution                | June 26, 2008  |
| The Number of Grantees and Their Titles | Aioi Insurance: 11 Directors and 23 Officers   |
| The Number of Stock Options             | 235,000 Common Stocks  |
| Grant Date                              | July 28, 2008  |
| Condition of Vesting                    | Stock option rights are vested when granting the rights. However, if a director loses, resigns, or is unable to continue his position by June 30, 2009, he maintains the original number of stock option rights multiplied by the number of the months from July 2008 to the month of the day when he loses, resigns, or is unable to continue his position divided by twelve to the largest whole number. The remaining number of the stock option rights can not be exercised after the day of the loss, resignation or discontinuance of his position.  |
| Requisite Service Period                | N.A.   |
| Exercise Period                         | Exercise period shall be from July 29, 2008 to July 28, 2038. However, stock option rights can be actually exercised within 10 days from the next day after a director loses, resigns, or is unable to continue his position. Other than mentioned above, in the event of approvals by the ordinary general meeting of shareholders of a proposal under which Aioi Insurance merges with another company that is the surviving entity and thus ceases to exist, or a share exchange agreement or share transfer agreement under which Aioi Insurance becomes a wholly-owned subsidiary of another company, stock option rights can be actually exercised within 30 days from the next day after the approvals are agreed. If approvals by the ordinary general meeting of shareholders are not needed, proposals are agreed at the board of directors of Aioi Insurance. |

(2) Stock Options Granted and Changes

(i) The Number of Stock Options

(Stocks)

|                              |         |
|------------------------------|---------|
| Before Vested                |         |
| The Previous Fiscal Year-End | 0       |
| Granted                      | 235,000 |
| Forfeited                    | 0       |
| Vested                       | 192,000 |
| Outstanding                  | 43,000  |
| After Vested                 |         |
| The Previous Fiscal Year-End | 0       |
| Vested                       | 192,000 |
| Exercised                    | 0       |
| Forfeited                    | 0       |
| Exercisable                  | 192,000 |

(ii) Price Information

(Yen)

|                              |     |
|------------------------------|-----|
| Exercise Price               | 1   |
| Average Exercise Price       | -   |
| Fair Value at the Grant Date | 542 |

3. Valuation Method Used for Fair Value of Stock Options

Stock options granted in fiscal 2008 were valued using the following method.

(1) Valuation Method

Black-Scholes Model

(2) Principle Parameters Used in the Model

|                            |             |
|----------------------------|-------------|
| Expected Volatility *1     | 38.674%     |
| Average Expected Life *2   | 3.050 Years |
| Expected Dividends *3      | 1.745%      |
| Risk-Free Interest Rate *4 | 0.916%      |

Note:

\*1 Calculated based on the actual prices for 3.050 years from July 9, 2005 to July 28, 2008.

\*2 Estimated using data of work periods of former directors.

\*3 Calculated based on the actual dividend on common stock for the fiscal year ended March 31, 2008.

\*4 Japanese government bond yield corresponding to the average expected life.

4. Method of Estimating Number of Stock Options Vested

Only the actual number of forfeited stock options is reflected since it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

## Per Share Information

(Yen)

| FY2007<br>From April 1, 2007 to March 31, 2008                                      | FY2008<br>From April 1, 2008 to March 31, 2009                                      |
|---|---|
| Net Assets per Share 574.83   | Net Assets per Share 363.24   |
| Basic Net Income per Share 4.31   | Basic Net Income per Share 14.90  |
| Diluted net income per share is omitted since net loss is reported for this period. | Diluted net income per share is omitted since net loss is reported for this period. |

(Millions of Yen)

|  | FY2007<br>(As of March 31, 2008 ) | FY2008<br>( As of March 31, 2009 ) |
|--|-----------------------------------|------------------------------------|
| Total Net Assets   | 422,392                           | 266,868                            |
| Deduction Amount from Total Net Assets                   | 207                               | 197                                |
| (Share Warrants)   | -                                 | 104                                |
| (Minority Interests)                                     | 207                               | 93                                 |
| Net Assets Attributable to Common Shareholders           | 422,185                           | 266,670                            |
| Common Stocks to Calculate Net Assets per Share (Shares) | 734,449,253                       | 734,133,480                        |

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Basic Net and Loss per Share   |   |   |
| Net Loss   | 3,172   | 10,943  |
| Net Income not Attributable to Common Shareholders   | -   | -   |
| Net Loss Attributable to Common Stocks   | 3,172   | 10,943  |
| Average Number of Shares Outstanding (Shares)  | 734,462,362                                       | 734,318,437                                       |
| Latent Shares not Included in the Calculation of Net Income per Share as They have no Diluting Effects | 80,000 Stocks<br>(Stock Options) *1               | 192,000 Stocks<br>(Stock Options) *1              |

Note: \*1 Please refer to "Stock Options" on page 20.

### Important Post Balance Sheet Events

None.

### Omission of Disclosure

Note regarding lease transactions is not disclosed due to the low importance for this summary.

**4. Non-Consolidated Financial Statements**  
**(1) Non-Consolidated Balance Sheet**

(Millions of Yen)

|   | FY2007<br>As of March 31, 2008 | FY2008<br>As of March 31, 2009 |
|---|--------------------------------|--------------------------------|
| <b>Assets</b>   |                                |                                |
| Cash and deposits                                     | 77,051                         | 155,529                        |
| Cash  | 81                             | 51                             |
| Deposits  | 76,969                         | 155,478                        |
| Call loans  | 20,000                         | -                              |
| Monetary receivables purchased                        | 29,736                         | 19,535                         |
| Money held in trust                                   | 2,222                          | 6,718                          |
| Securities  | 1,678,821                      | 1,314,157                      |
| Government bonds                                      | 420,363                        | 277,985                        |
| Local government bonds                                | 46,252                         | 41,197                         |
| Corporate bonds                                       | 266,490                        | 216,235                        |
| Stocks  | 468,033                        | 342,257                        |
| Foreign securities                                    | 394,465                        | 334,496                        |
| Other securities                                      | 83,216                         | 101,984                        |
| Loans receivables                                     | 340,228                        | 349,470                        |
| Policy loans  | 5,838                          | 5,758                          |
| General loans   | 334,390                        | 343,712                        |
| Property, plant and equipment                         | 150,335                        | 149,165                        |
| Land  | 63,716                         | 63,434                         |
| Buildings, net  | 74,117                         | 75,397                         |
| Lease assets, net                                     | -                              | 369                            |
| Construction in progress                              | 2,805                          | 11                             |
| Other, net  | 9,695                          | 9,953                          |
| Intangible assets                                     | 4,716                          | 6,048                          |
| Software  | 3,725                          | 3,612                          |
| Other   | 990                            | 2,436                          |
| Other assets  | 223,543                        | 226,121                        |
| Accrued premiums                                      | 10,061                         | 9,329                          |
| Agency accounts receivable                            | 19,613                         | 21,214                         |
| Foreign agency accounts receivable                    | 1,892                          | 1,652                          |
| Coinsurance accounts receivable                       | 2,312                          | 2,700                          |
| Reinsurance accounts receivable                       | 42,843                         | 42,736                         |
| Foreign reinsurance accounts receivable               | 9,805                          | 9,900                          |
| Accounts receivable                                   | 21,583                         | 17,735                         |
| Accrued income  | 4,139                          | 4,890                          |
| Cash segregated as deposits                           | 8,661                          | 7,932                          |
| Deposits for earth quake insurance                    | 35,908                         | 37,864                         |
| Suspense payments                                     | 28,187                         | 27,702                         |
| Initial margins of futures markets                    | 1,697                          | 851                            |
| Derivatives other than for trading-assets             | 153                            | 1,245                          |
| Prepaid pension expense                               | 36,237                         | 39,919                         |
| Rest of the other assets                              | 444                            | 444                            |
| Deferred tax assets                                   | 111,236                        | 192,140                        |
| Customers' liabilities for acceptances and guarantees | 3,000                          | 3,000                          |
| Allowance for doubtful accounts                       | -2,295                         | -2,127                         |
| <b>Total assets</b>                                   | <b>2,638,595</b>               | <b>2,419,760</b>               |



(Millions of Yen)

|   | FY2007<br>As of March 31, 2008 | FY2008<br>As of March 31, 2009 |
|---|--------------------------------|--------------------------------|
| <b>Liabilities</b>                                    |                                |                                |
| Reserve for insurance policy liabilities              | 2,006,518                      | 1,968,852                      |
| Outstanding claims                                    | 314,673                        | 303,661                        |
| Policy reserve  | 1,691,845                      | 1,665,191                      |
| Other liabilities                                     | 155,250                        | 130,508                        |
| Coinsurance accounts payable                          | 1,227                          | 1,192                          |
| Reinsurance accounts payable                          | 27,652                         | 26,564                         |
| Foreign reinsurance accounts payable                  | 7,446                          | 7,609                          |
| Borrowings  | 58                             | 47                             |
| Income taxes payable                                  | 1,990                          | 1,920                          |
| Deposits received                                     | 3,377                          | 3,388                          |
| Unearned revenue                                      | 2,756                          | 3,063                          |
| Accounts payable-other                                | 26,448                         | 26,184                         |
| Suspense receipt                                      | 38,838                         | 28,648                         |
| Derivatives other than for trading-assets             | 45,454                         | 31,591                         |
| Lease obligations                                     | -                              | 298                            |
| Provision for retirement benefits                     | 19,837                         | 19,952                         |
| Provision for directors' retirement benefits          | 1,203                          | -                              |
| Provision for bonuses                                 | 4,429                          | 4,457                          |
| Reserves under the special laws                       | 7,249                          | 1,262                          |
| Reserve for price fluctuation                         | 7,249                          | 1,262                          |
| Acceptances and guarantees                            | 3,000                          | 3,000                          |
| <b>Total liabilities</b>                              | <b>2,197,489</b>               | <b>2,128,033</b>               |
| <b>Net assets</b>                                     |                                |                                |
| Shareholders' equity                                  |                                |                                |
| Capital stock   | 100,005                        | 100,005                        |
| Capital surplus                                       |                                |                                |
| Legal capital surplus                                 | 44,081                         | 44,081                         |
| Other capital surplus                                 | 6                              | 11                             |
| <b>Total capital surpluses</b>                        | <b>44,088</b>                  | <b>44,092</b>                  |
| Retained earnings                                     |                                |                                |
| Legal retained earnings                               | 32,526                         | 33,995                         |
| Other retained earnings                               | 174,864                        | 156,500                        |
| Reserve for dividends                                 | 38,640                         | 38,640                         |
| Special reserve for insurance contract                | 25,070                         | 25,070                         |
| Reserve for reduction entry                           | 3,271                          | 3,896                          |
| Reserve for special account for advanced depreciation | 471                            | -                              |
| Special reserve                                       | 84,985                         | 84,985                         |
| Retained earnings brought forward                     | 22,427                         | 3,908                          |
| <b>Total earned surpluses</b>                         | <b>207,391</b>                 | <b>190,496</b>                 |
| Treasury stock  | -7,800                         | -7,946                         |
| <b>Total shareholders' equity</b>                     | <b>343,683</b>                 | <b>326,647</b>                 |
| Valuation and translation adjustments                 |                                |                                |
| Valuation difference on available-for-sale securities | 97,422                         | -35,023                        |
| <b>Total valuation and translation adjustments</b>    | <b>97,422</b>                  | <b>-35,023</b>                 |
| Subscription rights to shares                         | -                              | 104                            |
| <b>Total net assets</b>                               | <b>441,106</b>                 | <b>291,727</b>                 |
| <b>Total liabilities and net assets</b>               | <b>2,638,595</b>               | <b>2,419,760</b>               |

**(2) Non-Consolidated Statements of Income**

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Operating income                             | 1,058,424   | 1,009,647   |
| Underwriting income                          | 947,315   | 927,934   |
| Net premiums written                         | 851,849   | 816,693   |
| Premiums of saving-type insurance            | 59,802  | 52,954  |
| Investment income from saving type insurance | 22,106  | 20,213  |
| Reversal of reserve for outstanding claims   | 13,200  | 11,011  |
| Reversal of policy reserve                   | -   | 26,654  |
| Other underwriting income                    | 357   | 405   |
| Investment income                            | 109,035   | 79,174  |
| Interest and dividends income                | 81,864  | 42,982  |
| Gain from money held in trust                | 23  | 38  |
| Gain on trading securities                   | 34  | 28  |
| Gain on sales of securities                  | 48,277  | 56,236  |
| Gain on redemption of securities             | 675   | 8   |
| Other investment income                      | 267   | 93  |
| Income credited to saving type insurance     | -22,106   | -20,213   |
| Other operating income                       | 2,073   | 2,538   |
| Operating expenses                           | 1,053,993   | 1,030,006   |
| Underwriting expenses                        | 798,590   | 769,208   |
| Net loss paid                                | 495,081   | 493,549   |
| Loss adjustment expenses                     | 34,992  | 37,008  |
| Commissions and collection fees              | 147,020   | 144,132   |
| Maturity refunds to policyholders            | 104,793   | 92,279  |
| Dividends to policyholders                   | 19  | 128   |
| Provision of policy reserve                  | 10,359  | -   |
| Foreign exchange losses                      | 5,494   | 1,302   |
| Other underwriting expenses                  | 829   | 809   |
| Investment expenses                          | 109,021   | 113,130   |
| Loss on sales of securities                  | 9,190   | 12,242  |
| Loss on valuation of securities              | 12,496  | 62,461  |
| Loss on redemption of securities             | -   | 126   |
| Net derivative financial instruments loss    | 84,774  | 11,832  |
| Foreign exchange losses                      | 1,393   | 2,008   |
| Other investment expenses                    | 1,167   | 24,459  |
| Sales and administrative expenses            | 144,589   | 146,481   |
| Other operating expenses                     | 1,791   | 1,186   |
| Interest expenses                            | 2   | 2   |
| Provision of allowance for doubtful accounts | 168   | 454   |
| Loss from bad debts                          | 4   | 10  |
| Other  | 1,615   | 719   |
| Ordinary income (loss)                       | 4,431   | -20,359   |

(Millions of Yen)

|  | FY2007             | FY2008             |
|--|--------------------|--------------------|
|  | From April 1, 2007 | From April 1, 2008 |
|  | to March 31, 2008  | to March 31, 2009  |
| Extraordinary income                         | 9,384              | 9,932              |
| Gain on disposal of noncurrent assets        | 1,362              | 623                |
| Reversal of reserves under the special laws  | -                  | 5,987              |
| Reversal of reserve for price fluctuation    | -                  | 5,987              |
| Other  | 8,021              | 3,321              |
| Extraordinary loss                           | 4,777              | 3,262              |
| Loss on disposal of noncurrent assets        | 1,941              | 757                |
| Impairment loss                              | 869                | 342                |
| Provision of reserves under the special laws | 1,252              | -                  |
| Provision of reserve for price fluctuation   | 1,252              | -                  |
| Loss on reduction of real estate             | 65                 | -                  |
| Other  | 648                | 2,161              |
| Income (loss) before income taxes            | 9,038              | -13,689            |
| Income taxes-current                         | 126                | 1,940              |
| Income taxes-deferred                        | 1,739              | -6,078             |
| Total income taxes                           |                    | -4,138             |
| Net income (loss)                            | 7,171              | -9,550             |

**(3) Non-Consolidated Statements of Changes in Net Assets**

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Shareholders' equity                     |   |   |
| Capital stock                            |   |   |
| Balance at the end of previous period    | 100,005   | 100,005   |
| Changes of items during the period       |   |   |
| Total changes of items during the period | -   | -   |
| Balance at the end of current period     | 100,005   | 100,005   |
| Capital surplus                          |   |   |
| Legal capital surplus                    |   |   |
| Balance at the end of previous period    | 44,081  | 44,081  |
| Changes of items during the period       |   |   |
| Total changes of items during the period | -   | -   |
| Balance at the end of current period     | 44,081  | 44,081  |
| Other capital surplus                    |   |   |
| Balance at the end of previous period    | -   | 6   |
| Changes of items during the period       |   |   |
| Disposal of treasury stock               | 6   | 4   |
| Total changes of items during the period | 6   | 4   |
| Balance at the end of current period     | 6   | 11  |
| Total capital surplus                    |   |   |
| Balance at the end of previous period    | 44,081  | 44,088  |
| Changes of items during the period       |   |   |
| Disposal of treasury stock               | 6   | 4   |
| Total changes of items during the period | 6   | 4   |
| Balance at the end of current period     | 44,088  | 44,092  |
| Retained earnings                        |   |   |
| Legal retained earnings                  |   |   |
| Balance at the end of previous period    | 31,058  | 32,526  |
| Changes of items during the period       |   |   |
| Dividends from surplus                   | 1,468   | 1,468   |
| Total changes of items during the period | 1,468   | 1,468   |
| Balance at the end of current period     | 32,526  | 33,995  |
| Other retained earnings                  |   |   |
| Reserve for dividends                    |   |   |
| Balance at the end of previous period    | 38,640  | 38,640  |
| Changes of items during the period       |   |   |
| Total changes of items during the period | -   | -   |
| Balance at the end of current period     | 38,640  | 38,640  |

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Special reserve for insurance contract                             |   |   |
| Balance at the end of previous period                              | 25,070  | 25,070  |
| Changes of items during the period                                 |   |   |
| Total changes of items during the period                           | -   | -   |
| Balance at the end of current period                               | 25,070  | 25,070  |
| Reserve for reduction entry  |   |   |
| Balance at the end of previous period                              | 3,165   | 3,271   |
| Changes of items during the period                                 |   |   |
| Provision of reserve for reduction entry                           | 146   | 685   |
| Reversal of reserve for reduction entry                            | -40   | -59   |
| Total changes of items during the period                           | 105   | 625   |
| Balance at the end of current period                               | 3,271   | 3,896   |
| Reserve for special account for advanced depreciation              |   |   |
| Balance at the end of previous period                              | -   | 471   |
| Changes of items during the period                                 |   |   |
| Provision of reserve for special account for advanced depreciation | 471   | -   |
| Reversal of reserve for special account for advanced depreciation  | -   | -471  |
| Total changes of items during the period                           | 471   | -471  |
| Balance at the end of current period                               | 471   | -   |
| Reserve for special depreciation                                   |   |   |
| Balance at the end of previous period                              | 9   | -   |
| Changes of items during the period                                 |   |   |
| Reversal of reserve for special depreciation                       | -9  | -   |
| Total changes of items during the period                           | -9  | -   |
| Balance at the end of current period                               | -   | -   |
| Special reserve  |   |   |
| Balance at the end of previous period                              | 76,985  | 84,985  |
| Changes of items during the period                                 |   |   |
| Provision of special reserve                                       | 8,000   | -   |
| Total changes of items during the period                           | 8,000   | -   |
| Balance at the end of current period                               | 84,985  | 84,985  |

(Millions of Yen)

|  | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|--|---|---|
| Retained earnings brought forward                                  |   |   |
| Balance at the end of previous period                              | 32,636  | 22,427  |
| Changes of items during the period                                 |   |   |
| Dividends from surplus   | -8,813  | -8,813  |
| Provision of reserve for reduction entry                           | -146  | -685  |
| Reversal of reserve for reduction entry                            | 40  | 59  |
| Provision of reserve for special account for advanced depreciation | -471  | -   |
| Reversal of reserve for special account for advanced depreciation  | -   | 471   |
| Reversal of reserve for special depreciation                       | 9   | -   |
| Provision of special reserve                                       | -8,000  | -   |
| Net income (loss)  | 7,171   | -9,550  |
| Total changes of items during the period                           | -10,209   | -18,518   |
| Balance at the end of current period                               | 22,427  | 3,908   |
| Total retained earnings  |   |   |
| Balance at the end of previous period                              | 207,564   | 207,391   |
| Changes of items during the period                                 |   |   |
| Dividends from surplus   | -7,344  | -7,344  |
| Net income (loss)  | 7,171   | -9,550  |
| Total changes of items during the period                           | -173  | -16,895   |
| Balance at the end of current period                               | 207,391   | 190,496   |
| Treasury stock   |   |   |
| Balance at the end of previous period                              | -7,742  | -7,800  |
| Changes of items during the period                                 |   |   |
| Purchase of treasury stock   | -79   | -171  |
| Disposal of treasury stock   | 20  | 25  |
| Total changes of items during the period                           | -58   | -145  |
| Balance at the end of current period                               | -7,800  | -7,946  |
| Total shareholders' equity   |   |   |
| Balance at the end of previous period                              | 343,908   | 343,683   |
| Changes of items during the period                                 |   |   |
| Dividends from surplus   | -7,344  | -7,344  |
| Net income (loss)  | 7,171   | -9,550  |
| Purchase of treasury stock   | -79   | -171  |
| Disposal of treasury stock   | 27  | 30  |
| Total changes of items during the period                           | -224  | -17,036   |
| Balance at the end of current period                               | 343,683   | 326,647   |

(Millions of Yen)

|   | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 |
|---|---|---|
| Valuation and translation adjustments                 |   |   |
| Valuation difference on available-for-sale securities |   |   |
| Balance at the end of previous period                 | 284,772   | 97,422  |
| Changes of items during the period                    |   |   |
| Net changes of items other than shareholders' equity  | -187,349  | -132,446  |
| Total changes of items during the period              | -187,349  | -132,446  |
| Balance at the end of current period                  | 97,422  | -35,023   |
| Subscription rights to shares                         |   |   |
| Balance at the end of previous period                 | -   | -   |
| Changes of items during the period                    |   |   |
| Net changes of items other than shareholders' equity  | -   | 104   |
| Total changes of items during the period              | -   | 104   |
| Balance at the end of current period                  | -   | 104   |
| Total net assets                                      |   |   |
| Balance at the end of previous period                 | 628,680   | 441,106   |
| Changes of items during the period                    |   |   |
| Dividends from surplus                                | -7,344  | -7,344  |
| Net income (loss)                                     | 7,171   | -9,550  |
| Purchase of treasury stock                            | -79   | -171  |
| Disposal of treasury stock                            | 27  | 30  |
| Net changes of items other than shareholders' equity  | -187,349  | -132,342  |
| Total changes of items during the period              | -187,574  | -149,379  |
| Balance at the end of current period                  | 441,106   | 291,727   |

**(4) Note Related to the Premise of a Going Concern**

None.

## 5. Other Information

### Summary of Consolidated Statements of Income

(Millions of Yen)

| Fiscal Year  | FY2007                                  | FY2008                                  |         | Rate of Change |
|--|---|---|---------|----------------|
| Item   | From April 1, 2007<br>to March 31, 2008 | From April 1, 2008<br>to March 31, 2009 | Change  | %              |
| <b>Underwriting income</b>   | 1,038,610                               | 985,723                                 | -52,887 | -5.1           |
| Net premiums written   | 871,589                                 | 829,147                                 | -42,441 | -4.9           |
| Premiums for maturity of refundable portion of long-term insurance | 59,802                                  | 52,954                                  | -6,847  | -11.5          |
| Life insurance premiums  | 72,019                                  | 71,249                                  | -769    | -1.1           |
| Reversal of outstanding claims                                     | 12,296                                  | 11,132                                  | -1,164  | -9.5           |
| <b>Underwriting expenses</b>                                       | 896,833                                 | 824,792                                 | -72,040 | -8.0           |
| Net claims paid  | 508,958                                 | 501,550                                 | -7,408  | -1.5           |
| Loss adjustment expenses   | 36,003                                  | 37,732                                  | 1,728   | 4.8            |
| Commissions and brokerage  | 159,631                                 | 156,745                                 | -2,885  | -1.8           |
| Maturity refunds for long-term insurance                           | 104,793                                 | 92,279                                  | -12,514 | -11.9          |
| Life insurance claims and other payments                           | 12,802                                  | 13,957                                  | 1,155   | 9.0            |
| Provision for underwriting reserves                                | 68,084                                  | 20,122                                  | -47,962 | -70.4          |
| <b>Investment income</b>   | 116,551                                 | 87,243                                  | -29,308 | -25.1          |
| Interest and dividend income                                       | 89,297                                  | 51,007                                  | -38,289 | -42.9          |
| Gains on sales of investments in securities                        | 48,372                                  | 56,270                                  | 7,897   | 16.3           |
| <b>Investment expenses</b>   | 109,513                                 | 113,520                                 | 4,007   | 3.7            |
| Losses on sales of investments in securities                       | 9,604                                   | 12,598                                  | 2,994   | 31.2           |
| Losses on devaluation of investments in securities                 | 12,512                                  | 62,461                                  | 49,949  | 399.2          |
| Losses on derivatives  | 84,774                                  | 11,832                                  | -72,941 | -86.0          |
| <b>Sales and general administrative expenses</b>                   | 156,687                                 | 158,847                                 | 2,159   | 1.4            |
| <b>Other ordinary gains and losses</b>                             | -746                                    | 1,165                                   | 1,912   | -              |
| <b>Ordinary loss</b>   | -8,618                                  | -23,028                                 | -14,409 | -              |
| <b>Extraordinary gains</b>   | 9,384                                   | 9,853                                   | 469     | 5.0            |
| <b>Extraordinary losses</b>  | 4,920                                   | 1,429                                   | -3,491  | -71.0          |
| <b>Extraordinary gains and losses</b>                              | 4,463                                   | 8,424                                   | 3,960   | 88.7           |
| <b>Loss before income taxes</b>                                    | -4,155                                  | -14,603                                 | -10,448 | -              |
| <b>Current income taxes</b>  | 206                                     | 2,485                                   | 2,278   | -              |
| <b>Deferred income taxes</b>                                       | -1,085                                  | -6,041                                  | -4,955  | -              |
| <b>Total of income taxes</b>                                       | -879                                    | -3,556                                  | -2,676  | -              |
| <b>Minority interests in net loss</b>                              | -103                                    | -103                                    | 0       | -              |
| <b>Net loss</b>  | -3,172                                  | -10,943                                 | -7,771  | -              |



## Consolidated Premiums and Claims by Class

### Direct Premiums Written

(Millions of Yen)

| Fiscal Year<br>Class of Business                                     | FY2007                               |            |        | FY2008                               |            |        |
|--|--------------------------------------|------------|--------|--------------------------------------|------------|--------|
|  | From April 1, 2007 to March 31, 2008 |            |        | From April 1, 2008 to March 31, 2009 |            |        |
|  | Amount                               | Proportion | Change | Amount                               | Proportion | Change |
|  |                                      | %          | %      |                                      | %          | %      |
| Fire and Allied Lines  | 134,861                              | 14.1       | -3.1   | 138,822                              | 15.2       | 2.9    |
| Marine   | 5,551                                | 0.6        | 2.7    | 5,006                                | 0.5        | -9.8   |
| Personal Accident  | 92,686                               | 9.7        | -6.9   | 85,768                               | 9.4        | -7.5   |
| Voluntary Automobile   | 485,942                              | 50.8       | 0.1    | 472,341                              | 51.7       | -2.8   |
| Compulsory Automobile Liability                                      | 157,532                              | 16.5       | -7.6   | 132,713                              | 14.5       | -15.8  |
| Other  | 80,021                               | 8.3        | 5.4    | 79,573                               | 8.7        | -0.6   |
| Total  | 956,597                              | 100.0      | -2.0   | 914,226                              | 100.0      | -4.4   |
| (Premiums for maturity of refundable portion of long-term insurance) | 59,802                               | 6.3        | -9.0   | 52,954                               | 5.8        | -11.5  |

### Net Premiums Written

(Millions of Yen)

| Fiscal Year<br>Class of Business | FY2007                               |            |        | FY2008                               |            |        |
|----------------------------------|--------------------------------------|------------|--------|--------------------------------------|------------|--------|
|                                  | From April 1, 2007 to March 31, 2008 |            |        | From April 1, 2008 to March 31, 2009 |            |        |
|                                  | Amount                               | Proportion | Change | Amount                               | Proportion | Change |
|                                  |                                      | %          | %      |                                      | %          | %      |
| Fire and Allied Lines            | 100,424                              | 11.5       | -2.9   | 102,634                              | 12.4       | 2.2    |
| Marine                           | 6,459                                | 0.7        | -0.8   | 5,430                                | 0.7        | -15.9  |
| Personal Accident                | 47,894                               | 5.5        | -2.7   | 46,016                               | 5.5        | -3.9   |
| Voluntary Automobile             | 488,858                              | 56.1       | 0.5    | 477,504                              | 57.6       | -2.3   |
| Compulsory Automobile Liability  | 149,545                              | 17.2       | -0.1   | 119,731                              | 14.4       | -19.9  |
| Other                            | 78,414                               | 9.0        | 6.8    | 77,837                               | 9.4        | -0.7   |
| Total                            | 871,598                              | 100.0      | 0.3    | 829,154                              | 100.0      | -4.9   |

### Net Claims Paid

(Millions of Yen)

| Fiscal Year<br>Class of Business | FY2007                               |            |        | FY2008                               |            |        |
|----------------------------------|--------------------------------------|------------|--------|--------------------------------------|------------|--------|
|                                  | From April 1, 2007 to March 31, 2008 |            |        | From April 1, 2008 to March 31, 2009 |            |        |
|                                  | Amount                               | Proportion | Change | Amount                               | Proportion | Change |
|                                  |                                      | %          | %      |                                      | %          | %      |
| Fire and Allied Lines            | 36,171                               | 7.1        | -17.7  | 35,078                               | 7.0        | -3.0   |
| Marine                           | 3,632                                | 0.7        | 32.5   | 3,363                                | 0.7        | -7.4   |
| Personal Accident                | 20,395                               | 4.0        | 9.9    | 21,468                               | 4.3        | 5.3    |
| Voluntary Automobile             | 290,622                              | 57.1       | 3.4    | 287,159                              | 57.2       | -1.2   |
| Compulsory Automobile Liability  | 100,168                              | 19.7       | 0.1    | 100,283                              | 20.0       | 0.1    |
| Other                            | 57,968                               | 11.4       | -6.8   | 54,197                               | 10.8       | -6.5   |
| Total                            | 508,958                              | 100.0      | 0.1    | 501,550                              | 100.0      | -1.5   |

Note: The figures in the above tables are before offsetting of internal transactions among segments.

## Consolidated Risk Management Loans

( Millions of Yen)

|  | FY2007  | FY2008  | Change |
|--|---------|---------|--------|
| Loans to Borrowers in Legal Bankruptcy | 477     | 39      | -438   |
| Loans in Default                       | 3,055   | 1,548   | -1,506 |
| Loans in Default for 3 Months or More  | 586     | 1,342   | 756    |
| Restructured Loans                     | 230     | 745     | 515    |
| Total of Risk Management Loans (a)     | 4,349   | 3,676   | -672   |
| Loans (b)                              | 349,852 | 360,819 | 10,966 |
| Ratio against the Loans (a)/(b) x 100  | 1.2%    | 1.0%    | -0.2%  |

Note: 1. "Loans to borrowers in legal bankruptcy" mean such loans whose accrued interest is not booked since it is unlikely that the principal or interest is collected or paid for various reasons, including that the payment of the principal or interest is overdue for a long time (except those written off as default. Hereinafter called "not-booked-accrued-interest loans") as fall within Section 96 (1) (iii) (a) to (e) or Section 96 (4) of the Implementation Order of the Corporate Tax Law (No. 97 Cabinet Order in 1965).

2. "Loans in default" mean not-booked-accrued-interest loans, excluding those of which the interest is forborne for the management restructuring of the debtor or for the assistance to the debtor.

3. "Loans in default for 3 months or more" mean the loans of which the principal or interest is not paid three months or more after the day following the payment date, excluding "Loans to borrowers in legal bankruptcy" and "Loans in default".

4. "Restructured loans" mean the loans for which the interest rate is lowered or waived, the payment of interest or principal is forborne, or any arrangement in favor of the debtor, including debt waiver, is made, except "Loans to borrowers in legal bankruptcy", "Loans in default", and "Loans in default for 3 months or more".

## Summary of Non-Consolidated Statements of Income

(Millions of Yen)

| Fiscal Year   | FY2007<br>From April 1, 2007<br>to March 31, 2008 | FY2008<br>From April 1, 2008<br>to March 31, 2009 | Change  | Rate<br>of<br>Change |
|---|---|---|---------|----------------------|
| Item  |   |   |         | %                    |
| Direct net premium including premiums for maturity of refundable portion of long-term insurance | 931,595   | 897,182   | -34,412 | -3.7                 |
| Direct net premium  | 871,793   | 844,227   | -27,565 | -3.2                 |
| <b>Underwriting income</b>  | 947,315   | 927,934   | -19,380 | -2.0                 |
| Net premiums written  | 851,849   | 816,693   | -35,155 | -4.1                 |
| Premiums for maturity of refundable portion of long-term insurance                              | 59,802  | 52,954  | -6,847  | -11.5                |
| Reversal of outstanding claims  | 13,200  | 11,011  | -2,188  | -16.6                |
| Reversal of underwriting reserves   | -   | 26,654  | 26,654  | -                    |
| <b>Underwriting expenses</b>  | 798,590   | 769,208   | -29,381 | -3.7                 |
| Net claims paid   | 495,081   | 493,549   | -1,531  | -0.3                 |
| Loss adjustment expenses  | 34,992  | 37,008  | 2,016   | 5.8                  |
| Commissions and brokerage   | 147,020   | 144,132   | -2,887  | -2.0                 |
| Maturity refunds and dividends to policyholders for long-term insurance                         | 104,793   | 92,279  | -12,514 | -11.9                |
| Provision for underwriting reserves   | 10,359  | -   | -10,359 | -100.0               |
| <b>Investment income</b>  | 109,035   | 79,174  | -29,861 | -27.4                |
| Interest and dividend income  | 81,864  | 42,982  | -38,882 | -47.5                |
| Gains on sales of investments in securities   | 48,277  | 56,236  | 7,959   | 16.5                 |
| <b>Investment expenses</b>  | 109,021   | 113,130   | 4,108   | 3.8                  |
| Losses on sales of investments in securities  | 9,190   | 12,242  | 3,051   | 33.2                 |
| Losses on devaluation of investments in securities  | 12,496  | 62,461  | 49,965  | 399.9                |
| Losses on derivatives   | 84,774  | 11,832  | -72,941 | -86.0                |
| <b>Sales and administrative expenses</b>  | 144,589   | 146,481   | 1,891   | 1.3                  |
| Sales and administrative expenses for underwriting  | 136,431   | 138,311   | 1,880   | 1.4                  |
| <b>Other ordinary gains and losses</b>  | 282   | 1,352   | 1,070   | 379.0                |
| <b>Ordinary profit and loss</b>   | 4,431   | -20,359   | -24,790 | -559.5               |
| Underwriting profit   | 10,286  | 18,568  | 8,281   | 80.5                 |
| Extraordinary gains   | 9,384   | 9,932   | 548     | 5.8                  |
| Extraordinary losses  | 4,777   | 3,262   | -1,515  | -31.7                |
| <b>Extraordinary gains and losses</b>   | 4,606   | 6,670   | 2,063   | 44.8                 |
| Income and loss before income taxes   | 9,038   | -13,689   | -22,727 | -251.5               |
| Current income taxes  | 126   | 1,940   | 1,813   | -                    |
| Deferred income taxes   | 1,739   | -6,078  | -7,818  | -449.5               |
| Total of income taxes   | 1,866   | -4,138  | -6,004  | -321.8               |
| <b>Net income and loss</b>  | 7,171   | -9,550  | -16,722 | -233.2               |
| Loss ratio (%)  | 62.2  | 65.0  | /       | /                    |
| Expense ratio (%)   | 33.3  | 34.6  | /       | /                    |
| Yield on invested assets (%)  | 3.78  | 2.01  | /       | /                    |
| Asset management yield (%)  | 1.02  | -0.75   | /       | /                    |

Note: Market-value total return: -10.37% (FY2007), -9.77% (FY2008)

Underwriting profit = Underwriting income – (Underwriting expenses + Operating and general administrative expenses for underwriting) ± Other revenue and spending \*1

\*1 Other revenue and spending is income taxes related to compulsory automobile liability insurance.

## Non-Consolidated Premiums and Claims by Class

### Direct Premiums Written

(Millions of Yen)

| Fiscal Year<br>Class of Business  | FY2007<br>From April 1, 2007 to March 31, 2008 |              |             | FY2008<br>From April 1, 2008 to March 31, 2009 |              |             |
|---|--|--------------|-------------|--|--------------|-------------|
|   | Amount   | Proportion   | Change      | Amount   | Proportion   | Change      |
| Fire and Allied Lines   | 117,476  | 13.5         | -2.6        | 122,262  | 14.5         | 4.1         |
| Marine  | 5,551  | 0.6          | 2.9         | 5,006  | 0.6          | -9.8        |
| Personal Accident   | 50,583   | 5.8          | -2.2        | 49,511   | 5.9          | -2.1        |
| Voluntary Automobile  | 466,731  | 53.5         | -0.3        | 458,827  | 54.3         | -1.7        |
| Compulsory Automobile<br>Liability  | 157,532  | 18.1         | -7.6        | 132,713  | 15.7         | -15.8       |
| Other   | 73,916   | 8.5          | 2.8         | 75,906   | 9.0          | 2.7         |
| <b>Total</b>  | <b>871,793</b>                                 | <b>100.0</b> | <b>-1.9</b> | <b>844,227</b>                                 | <b>100.0</b> | <b>-3.2</b> |
| (Including premiums for<br>maturity of refundable<br>portion of long-term<br>insurance) | 931,595  |              | -2.3        | 897,182  |              | -3.7        |

### Net Premiums Written

(Millions of Yen)

| Fiscal Year<br>Class of Business   | FY2007<br>From April 1, 2007 to March 31, 2008 |              |            | FY2008<br>From April 1, 2008 to March 31, 2009 |              |             |
|------------------------------------|--|--------------|------------|--|--------------|-------------|
|                                    | Amount   | Proportion   | Change     | Amount   | Proportion   | Change      |
| Fire and Allied Lines              | 100,326  | 11.8         | -1.7       | 102,746  | 12.6         | 2.4         |
| Marine                             | 6,435  | 0.8          | -0.7       | 5,589  | 0.7          | -13.2       |
| Personal Accident                  | 47,882   | 5.6          | -2.7       | 46,015   | 5.6          | -3.9        |
| Voluntary Automobile               | 472,766  | 55.5         | 0.1        | 466,823  | 57.1         | -1.3        |
| Compulsory Automobile<br>Liability | 149,545  | 17.5         | -0.1       | 119,731  | 14.7         | -19.9       |
| Other                              | 74,891   | 8.8          | 4.6        | 75,787   | 9.3          | 1.2         |
| <b>Total</b>                       | <b>851,849</b>                                 | <b>100.0</b> | <b>0.1</b> | <b>816,693</b>                                 | <b>100.0</b> | <b>-4.1</b> |

### Net Claims Paid

(Millions of Yen)

| Fiscal Year<br>Class of Business   | FY2007<br>From April 1, 2007 to March 31, 2008 |             |             | FY2008<br>From April 1, 2008 to March 31, 2009 |             |             |
|------------------------------------|--|-------------|-------------|--|-------------|-------------|
|                                    | Amount   | Change      | Loss Ratio  | Amount   | Change      | Loss Ratio  |
| Fire and Allied Lines              | 35,823   | -17.7       | 37.3        | 35,102   | -2.0        | 35.9        |
| Marine                             | 3,610  | 32.8        | 57.7        | 3,446  | -4.5        | 64.3        |
| Personal Accident                  | 20,390   | 10.1        | 45.7        | 21,466   | 5.3         | 50.0        |
| Voluntary Automobile               | 277,946  | 3.0         | 63.3        | 279,434  | 0.5         | 64.8        |
| Compulsory Automobile<br>Liability | 100,168  | 0.1         | 72.3        | 100,283  | 0.1         | 90.2        |
| Other                              | 57,141   | -7.6        | 80.0        | 53,816   | -5.8        | 74.7        |
| <b>Total</b>                       | <b>495,081</b>                                 | <b>-0.3</b> | <b>62.2</b> | <b>493,549</b>                                 | <b>-0.3</b> | <b>65.0</b> |

Note: Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written x 100

## Non-Consolidated Solvency Margin Ratio

(Millions of Yen)

|   | FY2007<br>(As of March 31, 2008) | FY2008<br>(As of March 31, 2009) |
|---|----------------------------------|----------------------------------|
| Total Amount (A)  | 841,780                          | 625,050                          |
| Capital Stock, Funds, and Other   | 336,339                          | 319,409                          |
| Price Fluctuation Reserve   | 7,249                            | 1,262                            |
| Contingency Fund  | 517                              | 517                              |
| CAT Reserve including Earthquake Insurance  | 282,396                          | 282,361                          |
| Allowance for Bad Debt  | 343                              | 390                              |
| 90% of Net Unrealized Gain on Available-for-Sale Securities (100% in the case of the minus) | 137,215                          | -54,810                          |
| 85% of Unrealized Gain and Loss on Land   | 6,158                            | 14,529                           |
| Deductions  | 24,280                           | 24,250                           |
| Other   | 95,841                           | 85,639                           |
| Total Risk (B)  |                                  |                                  |
| $\sqrt{(R_1+R_2)^2+(R_3+R_4)^2}+R_5+R_6$  | 195,159                          | 173,420                          |
| General Insurance Risk (R <sub>1</sub> )  | 45,935                           | 45,991                           |
| Third Sector Insurance Risk (R <sub>2</sub> )   | -                                | -                                |
| Projected Interest Risk (R <sub>3</sub> )   | 2,446                            | 2,385                            |
| Asset Management Risk (R <sub>4</sub> )   | 93,869                           | 77,619                           |
| Business Management Risk (R <sub>5</sub> )  | 4,523                            | 4,061                            |
| Catastrophe Risk (R <sub>6</sub> )  | 83,927                           | 77,076                           |
| Solvency Margin Ratio (C)   |                                  |                                  |
| $[(A)/\{(B)\times 1/2\}]\times 100$ (%)   | 862.6                            | 720.8                            |

Note: The above figures are calculated based on provisions in Article 86 and 87 of Ordinance for Enforcement of Insurance Business Law and Notification No.50 issued by the Ministry of Finance in 1996.

### <Solvency Margin Ratio>

Non-life insurance company keeps reserves for payments of insurance claims, maturity repayments, and other purposes. Furthermore, the company needs to maintain sufficient ability to pay under the extraordinary situations, such as catastrophes, significant decline of assets value, and other unexpected situations.

Solvency margin ratio (C) is calculated based on the Insurance Business Law and relevant ordinance as an index of ability to pay. The ratio is the total amount (A) of money divided by the half of the total risk (B) and multiplied by 100.

Total risk includes the following risks.

#### - General Insurance Risk

Risks of payments of insurance claims in excess of expectations, calculated based on statistics of the past loss ratios by class of business excluding catastrophe risk

#### - Third Sector Insurance Risk

Risks of payments of third sector insurance claims in excess of expectations, which calculated based on statistics of the past loss ratios by class of business excluding catastrophe risk

#### - Projected Interest Risk

Risks arising from actual yields in investment being lower than expected yields, which are estimated when premiums of the insurance are calculated

#### - Asset Management Risk

Risks of retained securities and other assets fluctuating in prices in excess of expectations

#### - Business Management Risk

Risks arising from excess of expectations in connection with business management and excluding the other risks

#### - Catastrophe Risk

Risks arising from catastrophes, such as the Great Kanto Earthquake, the Ise Bay Typhoon, and other big disasters

Solvency margin ratio is an objective index used by Financial Service Agency to control insurance companies. If the ratio is 200% or more, the ability to pay is considered enough.

## Investment Conditions of Securitized Products

We invest in securitized products, such as marketable securities and credit derivatives. The booked amount of marketable securities was 38.5 billion yen equivalent, and the notional amount of credit derivatives was 85.8 billion yen equivalent as of March 31, 2009. ABS-CDOs in credit derivative transactions partially contain subprime related loans, but marketable securities do not contain any subprime related loans.

### 1. Investment Conditions of Marketable Securities (As of March 31, 2009)

(100 Millions of Yen)

|                                      | Booked Amount |                               | Fair Value |                               | Unrealized Profit and Loss |                               | Profit and Loss for FY2008 |                         |       |
|--------------------------------------|---------------|-------------------------------|------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|-------|
|                                      |               | Change from<br>March 31, 2008 |            | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 | Evaluation Loss            | Profit and Loss on Sale | Total |
| Total Amount of Securitized Products | 385           | -373                          | 368        | -373                          | -16                        | -0                            | -32                        | -9                      | -41   |

#### (1) Special Purpose Entity (SPE)

There is no SPE structured by our company. We do not supplement liquidity in SPEs.

(100 Millions of Yen)

|                       | Booked Amount |                               | Fair Value |                               | Unrealized Profit and Loss |                               | Profit and Loss for FY2008 |                         |       |
|-----------------------|---------------|-------------------------------|------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|-------|
|                       |               | Change from<br>March 31, 2008 |            | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 | Evaluation Loss            | Profit and Loss on Sale | Total |
| Total Amount          | 3             | -0                            | 4          | -4                            | 0                          | -4                            | -0                         | -                       | -0    |
| ABCP                  | -             | -                             | -          | -                             | -                          | -                             | -                          | -                       | -     |
| Bond Issued by SIV *1 | 3             | -0                            | 4          | -4                            | 0                          | -4                            | -0                         | -                       | -0    |
| Other                 | -             | -                             | -          | -                             | -                          | -                             | -                          | -                       | -     |

\*1 We hold subordinated bonds issued by Structured Investment Vehicles (SIVs). More than 50% of pledged assets for the bonds as collaterals keep AAA ratings, and more than 70% of the assets keep higher than BBB ratings. More than 60% of the bonds are Residential Mortgage Backed Securities (RMBSs) and Commercial Mortgage Backed Securities (CMBSs). RMBSs do not contain subprime related exposure but partially contain Alt-A exposure. Percentages of pledged assets by country are about 64% for the U.S., and about 33% for Europe. The average remaining period of pledged assets is 3.8 years.

#### (2) Collateralized Debt Obligation

We hold Collateralized Loan Obligations (CLOs), one of Collateralized Debt Obligations (CDOs), but these CLOs do not contain subprime related exposure and Alt-A exposure.

(100 Millions of Yen)

|              | Booked Amount |                               | Fair Value |                               | Unrealized Profit and Loss |                               | Profit and Loss for FY2008 |                         |       |
|--------------|---------------|-------------------------------|------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|-------|
|              |               | Change from<br>March 31, 2008 |            | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 | Evaluation Loss            | Profit and Loss on Sale | Total |
| Total Amount | 5             | -45                           | 5          | -36                           | -                          | 8                             | -32                        | -1                      | -33   |
| CLO *2       | 5             | -45                           | 5          | -36                           | -                          | 8                             | -32                        | -1                      | -33   |
| Other        | -             | -                             | -          | -                             | -                          | -                             | -                          | -                       | -     |

\*2 We hold overseas equities.

#### (3) Other Securitized Product

The below chart shows the amounts of other marketable securities. Subprime related exposure and Alt-A exposure are not included.

(100 Millions of Yen)

|               | Booked Amount |                               | Fair Value |                               | Unrealized Profit and Loss |                               | Profit and Loss for FY2008 |                         |       |
|---------------|---------------|-------------------------------|------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|-------|
|               |               | Change from<br>March 31, 2008 |            | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 | Evaluation Loss            | Profit and Loss on Sale | Total |
| Total Amount  | 376           | -327                          | 359        | -332                          | -17                        | -4                            | -                          | -7                      | -7    |
| CMBS          | 38            | -34                           | 37         | -35                           | -0                         | -0                            | -                          | -                       | -     |
| RMBS          | 239           | -176                          | 238        | -181                          | -1                         | -5                            | -                          | -1                      | -1    |
| ABS and Other | 99            | -116                          | 83         | -115                          | -15                        | 1                             | -                          | -6                      | -6    |

Overseas exposures in the above chart are as follows:

(100 Millions of Yen)

|               | Booked Amount |                               | Fair Value |                               | Unrealized Profit and Loss |                               | Profit and Loss for FY2008 |                         |       |
|---------------|---------------|-------------------------------|------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|-------|
|               |               | Change from<br>March 31, 2008 |            | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 | Evaluation Loss            | Profit and Loss on Sale | Total |
| Total Amount  | 80            | -40                           | 65         | -39                           | -15                        | 1                             | -                          | -5                      | -5    |
| CMBS          | -             | -                             | -          | -                             | -                          | -                             | -                          | -                       | -     |
| RMBS          | -             | -                             | -          | -                             | -                          | -                             | -                          | -                       | -     |
| ABS and Other | 80            | -40                           | 65         | -39                           | -15                        | 1                             | -                          | -5                      | -5    |

## 2. Investment Conditions of Credit Derivative Transaction (As of March 31, 2009)

We hold ABS-CDOs, Corporate CDOs, and CDSs (Credit Derivative Swaps). These ABS-CDOs contain subprime related exposure and Alt-A exposure, but Corporate CDOs and CDSs do not contain these exposures. We traded exchange hedges but did not trade any other hedges as of March 31, 2009.

(100 Millions of Yen)

|                  | Notional Amount |                               | Evaluation Profit and Loss |                               | Outstanding Exposure |                               | Profit and Loss for FY2008               |              |       |
|------------------|-----------------|-------------------------------|----------------------------|-------------------------------|----------------------|-------------------------------|--|--------------|-------|
|                  |                 | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 |                      | Change from<br>March 31, 2008 | Fair Value Change                        | Cancellation | Total |
| Total Amount     | 858             | -728                          | -314                       | 120                           | 543                  | -607                          | -79                                      | -2           | -82   |
| ABS-CDO *3       | 248             | -288                          | -244                       | 165                           | 4                    | -123                          | -30                                      | -0           | -31   |
| Corporate CDO *4 | 350             | -410                          | -59                        | -36                           | 290                  | -446                          | -40                                      | -2           | -42   |
| CDS              | 260             | -30                           | -11                        | -8                            | 248                  | -38                           | -8                                       | 0            | -8    |
|                  |                 |                               |                            |                               |                      |                               | Currency hedge loss (Exchange contract)  |              | -41   |
|                  |                 |                               |                            |                               |                      |                               | Subprime related profit and loss (Total) |              | -73   |

\*3 The loss on ABS-CDOs including currency hedges (subprime related loss) for this period was 7.3 billion yen. The ratings of ABS-CDOs, which partially contain subprime related loans, are BB and below due to conditions of underlying assets and tranches. Almost half of underlying assets of these ABS-CDOs are RMBSs, and the other underlying assets are CMBSs, credit card receivables, leasing receivables, and student loans.

\*4 All Corporate CDOs keep AAA ratings. Underlying assets of Corporate CDOs are all domestic CDSs.

Overseas exposures in the above chart are as follows:

(100 Millions of Yen)

|               | Notional Amount |                               | Evaluation Profit and Loss |                               | Outstanding Exposure |                               | Profit and Loss for FY2008 |              |       |
|---------------|-----------------|-------------------------------|----------------------------|-------------------------------|----------------------|-------------------------------|----------------------------|--------------|-------|
|               |                 | Change from<br>March 31, 2008 |                            | Change from<br>March 31, 2008 |                      | Change from<br>March 31, 2008 | Fair Value Change          | Cancellation | Total |
| Total Amount  | 248             | -598                          | -244                       | 166                           | 4                    | -431                          | -30                        | 0            | -30   |
| ABS-CDO       | 248             | -288                          | -244                       | 165                           | 4                    | -123                          | -30                        | -0           | -31   |
| Corporate CDO | -               | -310                          | -                          | 1                             | -                    | -308                          | -                          | 1            | 1     |
| CDS           | -               | -                             | -                          | -                             | -                    | -                             | -                          | -            | -     |

## 3. Other Conditions (As of March 31, 2009)

We do not implement leveraged finance deals and do not underwrite reinsurances of financial guarantee insurances and monoline insurers. In addition, we do not hold securitized products and bonds, such as RMBS, issued by housing enterprise sponsored by the American government. The consolidated subsidiaries do not hold securitized products.

Note: Page 38 and 39 are based on a guideline issued by the Financial Stability Forum held on April 2008. These pages include contents based on information from outside financial institutions which have business relationships with us.

# **AIOI INSURANCE COMPANY, LIMITED**

## **References of Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2009**

1. Direct Premiums and Claims by Class
2. Inwards Reinsurance Premiums and Claims by Class
3. Net Operating Expenses
4. Catastrophe Reserves
5. Total Assets and Managed Assets
6. Investment Income and Expense
7. Investment in Securities



## 1. Direct Premiums and Claims by Class

### (1) Direct Premiums Written by Class of Business

(Millions of Yen)

|                                 | FY2007         |             | FY2008         |             |
|---------------------------------|----------------|-------------|----------------|-------------|
|                                 |                | Change (%)  |                | Change (%)  |
| Fire and Allied Lines           | 117,476        | -2.6        | 122,262        | 4.1         |
| Marine                          | 5,551          | 2.9         | 5,006          | -9.8        |
| Personal Accident               | 50,583         | -2.2        | 49,511         | -2.1        |
| Voluntary Automobile            | 466,731        | -0.3        | 458,827        | -1.7        |
| Compulsory Automobile Liability | 157,532        | -7.6        | 132,713        | -15.8       |
| Other                           | 73,916         | 2.8         | 75,906         | 2.7         |
| <b>Total</b>                    | <b>871,793</b> | <b>-1.9</b> | <b>844,227</b> | <b>-3.2</b> |

### (2) Net Premiums Written by Class of Business

(Millions of Yen)

|                                 | FY2007         |            | FY2008         |             |
|---------------------------------|----------------|------------|----------------|-------------|
|                                 |                | Change (%) |                | Change (%)  |
| Fire and Allied Lines           | 100,326        | -1.7       | 102,746        | 2.4         |
| Marine                          | 6,435          | -0.7       | 5,589          | -13.2       |
| Personal Accident               | 47,882         | -2.7       | 46,015         | -3.9        |
| Voluntary Automobile            | 472,766        | 0.1        | 466,823        | -1.3        |
| Compulsory Automobile Liability | 149,545        | -0.1       | 119,731        | -19.9       |
| Other                           | 74,891         | 4.6        | 75,787         | 1.2         |
| <b>Total</b>                    | <b>851,849</b> | <b>0.1</b> | <b>816,693</b> | <b>-4.1</b> |

### (3) Net Claims Paid by Class of Business

(Millions of Yen)

|                                 | FY2007         |                 |             | FY2008         |                 |            |
|---------------------------------|----------------|-----------------|-------------|----------------|-----------------|------------|
|                                 |                | Loss Ratio* (%) | Change (%)  |                | Loss Ratio* (%) | Change (%) |
|                                 |                |                 |             |                |                 |            |
| Fire and Allied Lines           | 35,823         | 37.3            | -6.9        | 35,102         | 35.9            | -1.4       |
| Marine                          | 3,610          | 57.7            | 14.0        | 3,446          | 64.3            | 6.6        |
| Personal Accident               | 20,390         | 45.7            | 4.7         | 21,466         | 50.0            | 4.3        |
| Voluntary Automobile            | 277,946        | 63.3            | 1.7         | 279,434        | 64.8            | 1.5        |
| Compulsory Automobile Liability | 100,168        | 72.3            | 0.3         | 100,283        | 90.2            | 17.9       |
| Other                           | 57,141         | 80.0            | -10.2       | 53,816         | 74.7            | -5.3       |
| <b>Total</b>                    | <b>495,081</b> | <b>62.2</b>     | <b>-0.2</b> | <b>493,549</b> | <b>65.0</b>     | <b>2.8</b> |

\* Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written x 100

## 2. Inwards Reinsurance Premiums and Claims by Class

### (1) Net Inwards Reinsurance Premiums by Class of Business

(Millions of Yen)

|                                 | FY2007         |            | FY2008         |              |
|---------------------------------|----------------|------------|----------------|--------------|
|                                 |                | Change (%) |                | Change (%)   |
| Fire and Allied Lines           | 9,509          | -1.9       | 9,298          | -2.2         |
| Marine                          | 2,364          | 1.0        | 2,223          | -5.9         |
| Personal Accident               | 740            | -9.8       | 134            | -81.9        |
| Voluntary Automobile            | 11,543         | 20.0       | 13,260         | 14.9         |
| Compulsory Automobile Liability | 110,569        | 0.4        | 76,380         | -30.9        |
| Other                           | 8,384          | -9.5       | 6,605          | -21.2        |
| <b>Total</b>                    | <b>143,112</b> | <b>0.9</b> | <b>107,902</b> | <b>-24.6</b> |

### (2) Net Inwards Reinsurance Claims by Class of Business

(Millions of Yen)

|                                 | FY2007         |                 |             | FY2008         |                 |             |
|---------------------------------|----------------|-----------------|-------------|----------------|-----------------|-------------|
|                                 |                | Loss Ratio* (%) | Change (%)  |                | Loss Ratio* (%) | Change (%)  |
|                                 |                |                 |             |                |                 |             |
| Fire and Allied Lines           | 4,781          | 50.3            | -16.3       | 4,499          | 48.4            | -1.9        |
| Marine                          | 2,210          | 93.5            | 33.0        | 1,996          | 89.8            | -3.7        |
| Personal Accident               | 322            | 43.6            | 3.0         | 356            | 265.7           | 222.1       |
| Voluntary Automobile            | 7,973          | 69.1            | 5.8         | 7,988          | 60.2            | -8.9        |
| Compulsory Automobile Liability | 100,168        | 90.6            | -0.3        | 100,283        | 131.3           | 40.7        |
| Other                           | 17,543         | 209.2           | -39.5       | 12,589         | 190.6           | -18.6       |
| <b>Total</b>                    | <b>132,999</b> | <b>92.9</b>     | <b>-4.0</b> | <b>127,714</b> | <b>118.4</b>    | <b>25.5</b> |

\* Loss ratio = Net inwards reinsurance claims / Net inwards reinsurance premiums x 100

### 3. Net Operating Expenses

(Millions of Yen)

|  | FY2007  |            |                   | FY2008  |            |                   |
|--|---------|------------|-------------------|---------|------------|-------------------|
|  | Amount  | Change (%) | Expense Ratio (%) | Amount  | Change (%) | Expense Ratio (%) |
| Loss Adjustment Expenses and Operating and General Administrative Expenses |         |            |                   |         |            |                   |
| Labor Cost   | 89,197  | 0.0        | 10.5              | 91,661  | 2.8        | 11.2              |
| Non-Personal Expenses  | 80,885  | 6.3        | 9.5               | 82,140  | 1.6        | 10.1              |
| Tax and Other  | 9,498   | -2.7       | 1.1               | 9,687   | 2.0        | 1.2               |
| Subtotal   | 179,581 | 2.6        | 21.1              | 183,489 | 2.2        | 22.5              |
| Operating and General Administrative Expenses for Underwriting             | 136,431 | 3.1        | 16.0              | 138,311 | 1.4        | 16.9              |
| Commissions and Brokerage  | 147,020 | 0.9        | 17.3              | 144,132 | -2.0       | 17.6              |
| Net Operating Expenses   | 283,451 | 1.9        | 33.3              | 282,444 | -0.4       | 34.6              |

### 4. Catastrophe Reserves

(Millions of Yen)

|                   | FY2007  |                   | FY2008  |                   |         |
|-------------------|---------|-------------------|---------|-------------------|---------|
|                   | Amount  | Reserve Rate* (%) | Amount  | Reserve Rate* (%) | Change  |
| Fire              | 89,902  | 91.3              | 97,930  | 97.0              | 8,027   |
| Marine            | 4,215   | 65.5              | 4,424   | 79.2              | 208     |
| Personal Accident | 32,861  | 68.6              | 34,300  | 74.5              | 1,439   |
| Automobile        | 91,099  | 19.3              | 76,908  | 16.5              | -14,190 |
| Other             | 24,302  | 32.5              | 26,846  | 35.4              | 2,543   |
| Total             | 242,382 | 34.6              | 240,410 | 34.6              | -1,971  |

\*Reserve rate = Balance of catastrophe reserve / Net premiums written (excl. dwelling EQ / CALI) × 100

### 5. Total Assets and Managed Assets

(Millions of Yen)

|   | FY2007            | FY2008    | Change   |
|---|-------------------|-----------|----------|
|   | Cash and Deposits | 77,051    | 155,529  |
| Call Loans  | 20,000            | -         | -20,000  |
| Monetary Receivables Purchased                        | 29,736            | 19,535    | -10,200  |
| Money Held in Trust                                   | 2,222             | 6,718     | 4,496    |
| Investment in Securities                              | 1,678,821         | 1,314,157 | -364,664 |
| Bonds   | 733,105           | 535,419   | -197,686 |
| Equity Securities                                     | 468,033           | 342,257   | -125,776 |
| Foreign Securities                                    | 394,465           | 334,496   | -59,969  |
| Other Securities                                      | 83,216            | 101,984   | 18,767   |
| Loans   | 340,228           | 349,470   | 9,242    |
| Tangible Fixed Assets                                 | 150,335           | 149,165   | -1,169   |
| Intangible Fixed Assets                               | 4,716             | 6,048     | 1,332    |
| Other Assets  | 223,543           | 226,121   | 2,577    |
| Deferred Tax Assets                                   | 111,236           | 192,140   | 80,903   |
| Customers' Liabilities for Acceptances and Guarantees | 3,000             | 3,000     | -        |
| Allowance for Doubtful Accounts                       | -2,295            | -2,127    | 168      |
| Total Assets  | 2,638,595         | 2,419,760 | -218,834 |
| Managed Assets  | 2,285,812         | 1,984,192 | -301,619 |
| (Reference)   |                   |           |          |
| Long-Lived Assets                                     | 573,258           | 546,941   | -26,317  |

### 6. Investment Income and Expense

(Millions of Yen)

|   | FY2007                       | FY2008  | Change  |
|---|------------------------------|---------|---------|
|   | Interest and Dividend Income | 81,864  | 42,982  |
| Gains and Losses on Sales of Investments in Securities  | 39,086                       | 43,994  | 4,908   |
| Losses on Devaluation of Investments in Securities  | -12,496                      | -62,461 | -49,965 |
| Gains and Losses on Derivatives*  | -84,774                      | -11,832 | 72,941  |
| Other Investment Gains and Losses   | -1,560                       | -26,425 | -24,864 |
| Investment Income on Premiums for Maturity of Refundable Portion of Long-Term and Other Insurance | -22,106                      | -20,213 | 1,892   |
| Investment Income and Losses  | 13                           | -33,956 | -33,970 |

\* Evaluation profits and losses of derivative transaction at the end of the period are included.

(References) Investment and Dividend Income

(Millions of Yen)

|                    | FY2007                   | FY2008 | Change  |
|--------------------|--------------------------|--------|---------|
|                    | Investment in Securities | 68,671 | 29,645  |
| Bonds              | 11,204                   | 10,282 | -922    |
| Equity Securities  | 8,858                    | 9,439  | 581     |
| Foreign Securities | 35,771                   | 9,129  | -26,641 |
| Other Securities   | 12,837                   | 794    | -12,043 |
| Loans              | 6,735                    | 6,783  | 47      |
| Land and Buildings | 5,121                    | 5,201  | 80      |
| Others             | 1,335                    | 1,350  | 15      |
| Total              | 81,864                   | 42,982 | -38,882 |

## 7. Investment in Securities

### (1) Unrealized gain and loss on securities

(Millions of Yen)

| FY2008             | Cost      | Fair Value | Unrealized Gains and Losses | Change   |
|--------------------|-----------|------------|-----------------------------|----------|
| Bonds              | 529,602   | 535,299    | 5,697                       | -4,948   |
| Equity Securities  | 269,074   | 268,931    | -142                        | -165,316 |
| Foreign Securities | 347,231   | 306,777    | -40,453                     | -24,321  |
| Others             | 136,322   | 116,621    | -19,700                     | -12,644  |
| Total              | 1,282,230 | 1,227,631  | -54,599                     | -207,230 |

(Millions of Yen)

| FY2007             | Cost      | Fair Value | Unrealized Gains and Losses |
|--------------------|-----------|------------|-----------------------------|
| Bonds              | 722,111   | 732,757    | 10,645                      |
| Equity Securities  | 238,707   | 403,880    | 165,173                     |
| Foreign Securities | 386,710   | 370,579    | -16,131                     |
| Others             | 108,395   | 101,339    | -7,056                      |
| Total              | 1,455,924 | 1,608,556  | 152,631                     |

Note: 1. Other available-for-sale securities, which are fairly valued on the market, are listed in the above tables.

2. Monetary receivables purchased is included in others.

### (2) Gain and loss on sales of securities

(Millions of Yen)

|                    | FY2007 | FY2008  | Change  |
|--------------------|--------|---------|---------|
| Bonds              | 5,587  | 6,508   | 920     |
| Equity Securities  | 9,833  | 46,517  | 36,684  |
| Foreign Securities | 15,576 | -10,548 | -26,125 |
| Others             | 8,089  | 1,517   | -6,571  |
| Total              | 39,086 | 43,994  | 4,908   |

### (3) Loss on devaluation of securities by impairment

(Millions of Yen)

|                    | FY2007 | FY2008 | Change |
|--------------------|--------|--------|--------|
| Bonds              | -      | 485    | 485    |
| Equity Securities  | 8,463  | 25,441 | 16,978 |
| Foreign Securities | 3,421  | 24,880 | 21,459 |
| Others             | 611    | 11,654 | 11,042 |
| Total              | 12,496 | 62,461 | 49,965 |