

AIOI INSURANCE CO., LTD.

Consolidated Financial Results for the Third Quarter of Fiscal Year 2007 Ending March 31, 2008

* This is an unofficial English translation of the official press release announced on February 22, 2008.

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

Listed on the Tokyo, Osaka, and Nagoya Stock Exchange

Stock Code Number: 8761

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1. Consolidated Business Results for the Third Quarter of Fiscal Year 2007 Ending March 31, 2008

(1) Consolidated Financial Results

	(Millions of Yen)		
	Ordinary Income	Ordinary Profit	Net Income
Third Quarter FY2007	883,159	12,965	11,692
FY2006	1,089,973	27,201	16,187

	(Yen)	
	Net Income Per Share	Net Income Per Share-Diluted
Third Quarter FY2007	15.91	15.91
FY2006	22.04	22.03

Note: Consolidated financial results for a quarter are disclosed from this period.

(2) Consolidated Financial Positions

	Total Assets (Millions of Yen)	Net Assets (Millions of Yen)	Equity Ratio (%)	Net Assets Per Share (Yen)
Third Quarter FY2007	3,089,726	527,796	17.1	718.60
FY2006	3,082,676	620,731	20.1	845.07

Note: Consolidated financial positions for a quarter are disclosed from this period.

2. Delivery of Dividend

Dividend is not distributed based on any date of the third quarter from October to December for fiscal year 2006 and 2007. Year-end dividend per share should be 10 yen same as the last year.

3. Consolidated Financial Results Forecast for Fiscal Year 2007 Ending March 31, 2008 (Reference)

	Ordinary Income (Millions of Yen) (%)	Ordinary Profit (Millions of Yen) (%)	Net Income (Millions of Yen) (%)	Net Income Per Share (Yen)
FY2007	1,160,000 (6.4)	-11,000 (-140.4)	-4,000 (-124.7)	-5.44

4. Others

(1) Changes in significant subsidiaries during the period

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

(2) Adoption of simple and easy methods for the accounting treatments: None

(3) Changes in accounting treatments during the recent consolidated fiscal years: Yes

Note: Please refer to "4. Others" on page 2 for the details.

Cautionary Statement with Respect to Forward-Looking Statement

This report contains forward-looking statements about future performance and plans of Aioi Insurance Co, Ltd. and is based on currently available information. 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 expressed or implied by these forward-looking statements.

This report is a revised version of financial results forecast, which we announced on November 9, 2007. Please refer to revision of financial results forecast, which we announced on February 22, 2008, and page 11 for the details.

Qualitative Information and Financial Statements

1. Consolidated Financial Results

For the third quarter of fiscal year 2007, underwriting income was 777.1 billion yen, investment income was 105.0 billion yen, and other income was 0.9 billion yen. As a result, the total amount of ordinary income was 883.1 billion yen. Meanwhile, underwriting expenses were 672.8 billion yen, investment expenses were 81.9 billion yen, operating and general administrative expenses were 113.1 billion yen, other expenses was 2.2 billion yen. As a result, the total amount of ordinary expenses was 870.1 billion yen. As for the total amount of net premiums written, voluntary automobile insurances increased by 0.6% compared to the third quarter of the previous year, and other new insurances also increased. As a result, the total amount of income from all classes of business increased by 0.9% to 657.7 billion yen. Similarly, compared to the same quarter of the previous year, the total amount of net claim paid in underwriting expenses decreased by 0.9% to 372.1 billion yen due to fewer national disasters. Meanwhile, our consolidated subsidiary, Aioi Life Insurance Company, Limited, have finished their provision for remaining general reserves responsibilities, 9.9 billion yen, to strengthen our financial condition. Furthermore, extraordinary gains of 8.0 billion yen are included in income statements due to the revision of retirement benefit schemes of the parent company. As a result, ordinary profit was 12.9 billion yen, and consolidated net income was 11.6 billion yen.

2. Consolidated Financial Positions

At the end of the third quarter of fiscal year 2007, total assets increased by 7.0 billion yen to 3 trillion and 89.7 billion yen compared to the end of the previous fiscal year. Net assets were 527.7 billion yen at the end of the quarter and increased by 92.9 billion yen compared to the end of the previous year due to decreased unrealized gains on available-for-sale securities. As a result, equity ratio was 17.1% at the end of this quarter.

3. Consolidated Financial Results Forecast

We have revised financial results forecast announced on November 9, 2007. Please refer to page 11 and revision of financial results forecast announced on February 22, 2008 for the details.

4. Others

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of simple and easy methods for the accounting treatments: None
- (3) Changes in accounting treatments from the previous fiscal year: Yes

(Depreciation of tangible fixed assets)

Depreciation of tangible fixed assets are treated by a revised accounting method in accordance with Corporate Tax Law of Japan after tax reform in fiscal year 2007. There is almost no impact on statements of income of domestic consolidated companies (parent company and Aioi Life Insurance Company, Limited) due to this change.

(Additional information)

As for tangible fixed assets acquired by the domestic consolidated companies before March 31, 2007, we depreciate these assets to memorandum value in five years by the previous straight line depreciation method from the next fiscal year of which they are depreciated to 5% of their cost in accordance with the Corporate Tax Law of Japan before the revision. The depreciation expense is included in loss adjustment expenses and operating and general administrative expenses. There is almost no impact on statements of income due to this revision.

(Liability for directors' retirement benefits)

Liability for directors' retirement benefits is listed in the balance sheets of parent company and Aioi Life Insurance Company, Limited from this period due to a revised accounting method in accordance with Special Taxation Measures Law. The amount of liability for directors' retirement benefits for this period was 101 million yen and is included in loss adjustment expenses, and operating and general administrative expenses. The amount of liability for directors' retirement benefits for the previous year was 711 million yen and is included in extraordinary expenses. As a result, compared to the previous method, ordinary profit increased by 259 million yen, and income before income taxes decreased by 452 million yen. Liability for senior executive officers' and executive officers' retirement benefits was included in liability for employees' retirement benefits in the past but is included in liability for directors' retirement benefits from this revision.

5. Summary of Consolidated Statements of Income

(Millions of Yen)

Item \ Period	Third Quarter FY2007 From April 1, 2007 to December 31, 2007	FY2006 From April 1, 2006 to March 31, 2007
Underwriting income	777,146	1,040,829
Net premiums written	657,733	868,907
Premiums for maturity of refundable portion of long-term insurance	46,427	65,710
Life insurance premiums	53,324	67,757
Reversal of outstanding claims	3,016	7,327
Underwriting expenses	672,869	903,026
Net claims paid	372,105	508,454
Loss adjustment expenses	27,345	35,283
Commissions and brokerage	120,871	157,276
Maturity refunds and dividends to policyholders for long-term insurance	81,801	109,114
Life insurance claims and other payments	9,211	10,231
Provision for underwriting reserves	60,728	78,458
Investment income	105,054	48,369
Interest and dividend income	75,621	57,503
Gains on sales of investments in securities	44,636	12,114
Investment expenses	81,917	7,404
Losses on sales of investments in securities	2,150	4,971
Losses on devaluation of investments in securities	12,705	1,625
Losses on Derivatives	66,777	-
Operating and general administrative expenses	113,131	150,610
Other ordinary gains and losses	-1,316	-957
Ordinary profit	12,965	27,201
Extraordinary gains	8,158	1,306
Extraordinary losses	3,504	3,125
Extraordinary gains and losses	4,653	-1,818
Income before income taxes	17,619	25,382
Income taxes	9,026	12,367
Tax adjustment	-3,094	-3,139
Minority interests in net loss	5	33
Net income	11,692	16,187

Note: Consolidated Statements of Income are disclosed from this period.

Consolidated Premiums and Claims by Class

Direct Premium Written by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Proportion	Amount	Change	Proportion	Amount	Change	Proportion
		%	%		%	%		%	%
Fire and Allied Lines	90,643	8.9	13.2	88,126	-2.8	12.8	122,086	7.7	13.4
Marine	4,082	1.5	0.6	4,058	-0.6	0.6	5,407	3.5	0.6
Personal Accident	39,474	1.0	5.8	38,979	-1.3	5.7	51,761	1.0	5.7
Voluntary Automobile	367,080	2.0	53.6	367,921	0.2	53.4	485,354	2.1	53.3
Compulsory Automobile Liability	127,621	0.6	18.7	128,811	0.9	18.7	170,407	0.4	18.7
Other	55,536	4.3	8.1	60,394	8.7	8.8	75,168	8.6	8.3
Total	684,439	2.7	100.0	688,291	0.6	100.0	910,185	2.9	100.0
(Including premiums for maturity of refundable portion of long-term insurance)	(736,821)	(1.6)		(734,719)	(-0.3)		(975,895)	(1.9)	

Net Premiums Written by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Proportion	Amount	Change	Proportion	Amount	Change	Proportion
		%	%		%	%		%	%
Fire and Allied Lines	75,316	8.8	11.6	74,151	-1.5	11.3	103,373	7.8	11.9
Marine	4,360	4.4	0.7	4,649	6.6	0.7	6,513	14.9	0.7
Personal Accident	37,469	-0.3	5.7	36,883	-1.6	5.6	49,242	-0.3	5.7
Voluntary Automobile	367,650	2.2	56.4	369,915	0.6	56.2	486,596	2.2	56.0
Compulsory Automobile Liability	112,631	-0.8	17.3	112,808	0.2	17.2	149,749	-0.9	17.2
Other	54,454	3.7	8.3	59,326	8.9	9.0	73,432	6.8	8.5
Total	651,883	2.4	100.0	657,733	0.9	100.0	868,907	2.6	100.0

Net Claims Paid by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Proportion	Amount	Change	Proportion	Amount	Change	Proportion
		%	%		%	%		%	%
Fire and Allied Lines	32,969	25.6	8.8	25,370	-23.0	6.8	43,938	4.0	8.6
Marine	1,988	-3.7	0.5	2,905	46.1	0.8	2,741	-13.7	0.5
Personal Accident	13,816	8.2	3.7	14,951	8.2	4.0	18,555	8.8	3.7
Voluntary Automobile	205,959	5.0	54.8	213,787	3.8	57.5	280,946	3.2	55.3
Compulsory Automobile Liability	76,250	3.6	20.3	75,339	-1.2	20.2	100,044	2.6	19.7
Other	44,508	-5.7	11.9	39,750	-10.7	10.7	62,228	-6.6	12.2
Total	375,492	4.9	100.0	372,105	-0.9	100.0	508,454	1.9	100.0

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

Consolidated Balance Sheet for the Third Quarter of Fiscal Year 2007

(Millions of Yen)

Item \ Period	Third Quarter FY2007 (As of December 31, 2007)	FY2006 (As of March 31, 2007)
Assets		
Cash and deposits	86,513	71,236
Call loans	10,000	20,000
Receivables under resale agreements	12,981	9,391
Monetary receivables bought	26,468	22,173
Money held in trust	2,484	5,050
Investments in securities	2,133,207	2,233,984
Loans	354,719	348,745
Property and equipment-net	152,740	155,517
Intangible assets	5,645	6,480
Other assets	238,634	201,503
Deferred tax assets	65,663	7,839
Customers' liabilities for acceptances and guarantees	3,000	3,000
Allowance for doubtful accounts	-2,332	-2,245
Total assets	3,089,726	3,082,676
Liabilities		
Underwriting funds	2,366,622	2,309,282
Outstanding claims	336,834	340,109
Underwriting reserves	2,029,788	1,969,173
Other liabilities	162,732	119,473
Liability for employees' retirement benefits	20,792	19,355
Liability for directors' retirement benefits	1,268	-
Liability for bonuses	265	4,521
Reserve under special law	7,248	6,312
Reserve for price fluctuation	7,248	6,312
Acceptances and guarantees	3,000	3,000
Total liabilities	2,561,930	2,461,945
Net Assets		
Shareholders' equity		
Share capital	100,005	100,005
Capital surplus	44,086	44,081
Retained earnings	200,848	196,501
Treasury stock	-7,800	-7,742
Total shareholders' equity	337,140	332,845
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	189,412	286,410
Foreign currency translation adjustments	1,223	1,448
Total valuation and translation adjustments	190,636	287,859
Monetary interests	20	26
Total net assets	527,796	620,731
Total liabilities and net assets	3,089,726	3,082,676

Consolidated Statements of Income for the Third Quarter of Fiscal Year 2007

(Millions of Yen)

Item \ Period	Third Quarter FY2007 From April 1, 2007 to December 31, 2007	FY2006 From April 1, 2006 to March 31, 2007
Ordinary income	883,159	1,089,973
Underwriting income	777,146	1,040,829
Net premiums written	657,733	868,907
Premiums for maturity of refundable portion of long-term insurance	46,427	65,710
Investment income on premiums for maturity of refundable portion of long-term and other insurance	15,971	22,007
Life insurance premiums	53,324	67,757
Reversal of outstanding claims	3,016	7,327
Investment Income	105,054	48,369
Interest and dividend income	75,621	57,503
Gains on money held in trust	4	39
Gains on trading securities	44,636	12,114
Transfer of investment income on premiums for maturity of refundable portion of long-term and other insurance	-15,971	-22,007
Other income	958	773
Operating expenses	870,194	1,062,772
Underwriting expenses	672,869	903,026
Net claims paid	372,105	508,454
Loss adjustment expenses	27,345	35,283
Commissions and brokerage	120,871	157,276
Maturity refunds and dividends to policyholders for long-term insurance	81,801	109,114
Life insurance claims and other payments	9,211	10,231
Provision for underwriting reserves	60,728	78,458
Investment expenses	81,917	7,404
Losses on trading securities	1	362
Losses on sales of investments in securities	2,150	4,971
Losses on devaluation of investments in securities	12,705	1,625
Derivative expenses	66,777	-
Operating and general administrative expenses	113,131	150,610
Other expenses	2,275	1,731
Interest expenses	11	5
Ordinary profit	12,965	27,201
Extraordinary gains	8,158	1,306
Extraordinary losses	3,504	3,125
Provision for reserve under special laws	935	1,350
Reserve for price fluctuations	935	1,350
Others	2,568	1,774
Income before income taxes	17,619	25,382
Income taxes	9,026	12,367
Tax adjustment	-3,094	-3,139
Minority interests in net loss	5	33
Net income	11,692	16,187

Note: Consolidated Statements of Income are disclosed from this period.

Marketable Securities

(Millions of Yen)

Period Type	Third Quarter FY2006 (As of December 31, 2006)			Third Quarter FY2007 (As of December 31, 2007)			FY2006 (As of March 31, 2007)		
	Cost	Fair Value	Difference	Cost	Fair Value	Difference	Cost	Fair Value	Difference
Bonds	724,515	734,488	9,972	879,632	891,098	11,466	727,246	739,014	11,768
Equity securities	248,648	610,646	361,997	236,591	500,081	263,490	246,287	605,336	359,048
Foreign securities	404,175	459,684	55,509	349,210	368,032	18,822	414,586	469,846	55,260
Other securities	90,925	111,173	20,248	84,750	87,284	2,534	119,931	142,006	22,074
Total	1,468,266	1,915,993	447,727	1,550,184	1,846,498	296,313	1,508,051	1,956,203	448,151

Note:

1. Other available-for-sale securities, which are fairly valued on the market, are listed in the above table.
2. The cost figures for third quarter of fiscal year 2007 and fiscal year 2006 are after write-down due to impairment. Meanwhile, the cost figures for third quarter of fiscal 2006 are before write-down due to impairment.
3. The fair value figures are calculated by market prices at the end of each quarter.
4. Other securities in the above table include beneficiary right of loan receivables, which are classified as monetary receivables bought in the consolidated balance sheet.

Derivative Transaction (Fair Value Information)

(Millions of Yen)

Type	Transaction	Third Quarter FY2006 (As of December 31, 2006)			Third Quarter FY2007 (As of December 31, 2007)			FY2006 (As of March 31, 2007)		
		Contract Amount	Fair Value	Valuation Gains and Losses	Contract Amount	Fair Value	Valuation Gains and Losses	Contract Amount	Fair Value	Valuation Gains and Losses
		Foreign Exchange	Forward							
Selling	6,077		6,296	-219	-	-	-	-	-	-
Buying	58,106		58,593	487	48,283	49,271	988	53,715	52,838	-876
Option Transaction										
	Buying	2,350 (4)	2	-1	- (-)	-	-	- (-)	-	-
Interest Rate Swaps		4,500	73	73	3,500	105	105	4,500	79	79
Equity	Stock Index Futures									
	Selling	5,569	5,831	-262	-	-	-	2,915	3,029	-113
	Buying	2,001	2,103	101	-	-	-	3,221	3,261	39
	Stock Index Option									
	Selling	8,775 (38)	41	-3	- (-)	-	-	- (-)	-	-
	Buying	3,350 (55)	100	44	- (-)	-	-	- (-)	-	-
Bonds	Bond Futures									
	Selling	7,828	7,801	27	-	-	-	-	-	-
	Buying	1,291	1,280	-11	-	-	-	-	-	-
Others	Credit Derivatives									
	Selling	251,454	609	609	212,892	-60,153	-60,153	288,645	334	334
Total		-	-	846	-	-	-59,059	-	-	-536

Note: The figures in parentheses are option fees at the time of contract.

6. Other Information

Summary of Non-Consolidated Statements of Income

(Millions of Yen)

Item	Period	Third Quarter FY2007 From April 1, 2007 to December 31, 2007	FY2006 From April 1, 2006 to March 31, 2007
Direct net premium including savings type insurance premium income		714,412	953,958
Direct net premium		667,985	888,248
Underwriting income		708,914	955,681
Net premiums written		641,746	851,238
Premiums for maturity of refundable portion of long-term insurance		46,427	65,710
Reversal of outstanding claims		4,237	8,157
Underwriting expenses		597,148	821,043
Net claims paid		361,558	496,539
Loss adjustment expenses		26,900	34,937
Commissions and brokerage		111,604	145,741
Maturity refunds and dividends to policyholders for long-term insurance		81,801	109,114
Provision for underwriting reserves		14,548	30,761
Investment income		99,508	42,124
Interest and dividend income		70,127	51,228
Gains on sales of investments in securities		44,556	12,055
Investment expenses		81,787	7,092
Losses on sales of investments in securities		2,036	4,712
Losses on devaluation of investments in securities		12,705	1,625
Derivative Expenses		66,778	-
Operating and general administrative expenses		105,071	140,107
Operating and general administrative expenses for underwriting		99,281	132,313
Other ordinary gains and losses		-499	246
Ordinary profit		23,915	29,808
Underwriting profit		10,831	1,026
Extraordinary gains		8,158	1,235
Extraordinary losses		3,382	3,061
Extraordinary gains and losses		4,776	-1,826
Income before income taxes		28,692	27,982
Income taxes		8,980	12,015
Minority interests in net loss		-192	-2,906
Net income		19,904	18,874
Loss ratio		60.5%	62.4%
Expense ratio		32.9%	32.7%

Note:

- Underwriting profit = Underwriting income – (Underwriting expenses + Operating and general administrative expenses for underwriting) ± Other revenue and spending
- Loss ratio = (Net claims paid + Loss adjustment expenses) / Net premiums written x 100
- Expense ratio = (Commissions and brokerage + Operating and general administrative expenses for underwriting) / Net premiums written x 100
- Summary of non-consolidated statements of income per quarter is disclosed from this period.

Non-Consolidated Premiums and Claims by Class

Direct Premium Written by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Proportion	Amount	Change	Proportion	Amount	Change	Proportion
		%	%		%	%		%	%
Fire and Allied Lines	89,650	8.3	13.4	87,900	-2.0	13.2	120,578	7.0	13.6
Marine	3,944	0.6	0.6	4,058	2.9	0.6	5,396	6.1	0.6
Personal Accident	39,471	1.0	5.9	38,963	-1.3	5.8	51,742	1.0	5.8
Voluntary Automobile	352,811	1.3	52.9	352,090	-0.2	52.7	468,199	1.5	52.7
Compulsory Automobile Liability	127,621	0.6	19.1	128,811	0.9	19.3	170,407	0.4	19.2
Other	53,911	2.2	8.1	56,160	4.2	8.4	71,924	4.8	8.1
Total (Including premiums for maturity of refundable portion of long-term insurance)	667,410 (719,793)	2.1 (1.0)	100.0	667,985 (714,412)	0.1 (-0.7)	100.0	888,248 (953,958)	2.3 (1.3)	100.0

Net Premiums Written by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Proportion	Amount	Change	Proportion	Amount	Change	Proportion
		%	%		%	%		%	%
Fire and Allied Lines	74,438	8.1	11.7	74,087	-0.5	11.5	102,072	7.2	12.0
Marine	4,360	4.5	0.7	4,645	6.5	0.7	6,482	14.5	0.8
Personal Accident	37,468	-0.1	5.9	36,876	-1.6	5.8	49,232	-0.1	5.8
Voluntary Automobile	355,713	1.6	55.7	356,660	0.3	55.6	472,090	1.7	55.4
Compulsory Automobile Liability	112,631	-0.8	17.6	112,808	0.2	17.6	149,749	-0.9	17.6
Other	53,874	2.7	8.4	56,667	5.2	8.8	71,611	4.3	8.4
Total	638,486	1.9	100.0	641,746	0.5	100.0	851,238	2.0	100.0

Net Claims Paid by Class of Business

(Millions of Yen)

Class of Business	Third Quarter FY2006			Third Quarter FY2007			FY2006		
	From April 1, 2006 to December 31, 2006			From April 1, 2007 to December 31, 2007			From April 1, 2006 to March 31, 2007		
	Amount	Change	Loss ratio	Amount	Change	Loss ratio	Amount	Change	Loss ratio
		%	%		%	%		%	%
Fire and Allied Lines	32,771	28.3	-	25,040	-23.6	35.1	43,510	5.3	44.2
Marine	1,984	-2.4	-	2,899	46.1	64.5	2,719	-12.8	43.7
Personal Accident	13,792	10.9	-	14,946	8.4	44.2	18,523	10.9	41.0
Compulsory Automobile Liability	198,267	4.5	-	204,180	3.0	61.7	269,882	2.3	61.6
Compulsory Automobile Liability	76,250	3.6	-	75,339	-1.2	72.7	100,044	2.6	72.0
Other	44,494	-4.3	-	39,150	-12.0	72.5	61,858	-5.9	90.2
Total	367,561	5.0	-	361,558	-1.6	60.5	496,539	1.7	62.4

Note: Loss ratios are calculated based on net claims paid and loss adjustment expenses, and summary of non-consolidated premiums and claims by class per quarter are disclosed for this period.

Current Conditions of Subprime Related Investments

1. Current Conditions of Subprime Related Exposure

We hold credit derivatives for 212.8 billion yen equivalent, among which are ABS-CDOs for 106.2 billion yen equivalent that partially contain subprime loans. In addition, we hold 4.0 billion yen equivalent bonds, which also partially contain subprime loans, issued by a Structured Investment Vehicle (hereinafter "SIV").

2. Current Conditions of Credit Risk

Our ABS-CDOs, which partially contain subprime loans, still keep all Super Seniors, the highest grade rating. However, there is a possibility of loss incurred in the future due to unprecedented downgrading of ratings of ABSs, which underlie assets of ABS-CDOs and significant declining trends of ABS-CDOs market.

3. Current Conditions of Evaluation Losses and Other Losses (Hereinafter "losses")

We booked 64.5 billion yen equivalent as evaluation losses of ABS-CDOs, 3.0 billion yen equivalent as evaluation losses of SIV bonds that lead to total losses of 67.5 billion yen equivalent on December 31, 2007. These losses are compensated by interest and dividend income from various investments, bonds, and capital gains captured under low-interest-rate market environment.

	As of September 30, 2007		As of December 31, 2007	
	Notional Amount/ Contract Amount	Evaluation Loss and Other Loss	Notional Amount/ Contract Amount	Evaluation Loss and Other Loss
ABS-CDO	111.4	25.2	106.2	*64.5
SIV Bond	4.0	-	4.0	3.0
Total	115.4	25.2	110.2	67.5

*This 64.5 billion yen equivalent loss does include actual loss of 4.4 billion yen equivalent caused by our cancellation of some ABS-CDOs.

4. Impact on Financial Results Forecast

We have been decreasing subprime related investments after January 2008, and as a result, the notional amount of ABS-CDOs has decreased to 68.0 billion yen equivalent. Furthermore, the value of ABS-CDOs keeps declining further, so that we should not expect a great recovery of market price. Accordingly, we conservatively estimate a further declining trend in market price up to March 2008, and these advance estimates will lead to the total amount of losses covering about 90% of the total notional amount of our ABS-CDOs. As for our subprime related SIV investments, we have sold off their total amount. As a result of the above measures, we did include the total amount of evaluation losses and actual losses for 92.0 billion yen equivalent into our business estimate for the year ending March 2008.

5. Business Result Forecast for the Next Year

We expect a decline in profit for fiscal year 2007 due to the above measures against subprime related investments. However, we judge that our subprime issues will basically diminish by this year end. Therefore, our business results for fiscal year 2008 should recover to the same level as the business results for fiscal year 2006.

February 22, 2008

AIOI INSURANCE CO., LTD.

References of Non-Consolidated Financial Results for the Third Quarter of Fiscal Year 2007 Ending March 31, 2008

1. Direct Premiums and Claims by Class
2. Inwards Reinsurance Premiums and Claims by Class
3. Catastrophe Reserves
4. Total Assets/ Managed Assets
5. Interest and Dividend Income
6. Marketable Securities

References of Non-Consolidated Financial Results for the Third Quarter of Fiscal Year 2007

1. Direct Premiums and Claims by Class

(1) Direct Premiums Written by Class of Business

	Third Quarter FY2006		Third Quarter FY2007		(Millions of Yen)	
		Change (%)		Change (%)	FY2006	Change (%)
Fire and Allied Lines	89,650	8.3	87,900	-2.0	120,578	7.0
Marine	3,944	0.6	4,058	2.9	5,396	6.1
Personal Accident	39,471	1.0	38,963	-1.3	51,742	1.0
Voluntary Automobile	352,811	1.3	352,090	-0.2	468,199	1.5
Compulsory Automobile Liability	127,621	0.6	128,811	0.9	170,407	0.4
Other	53,911	2.2	56,160	4.2	71,924	4.8
Total	667,410	2.1	667,985	0.1	888,248	2.3

(2) Net Premiums Written by Class of Business

	Third Quarter FY2006		Third Quarter FY2007		(Millions of Yen)	
		Change (%)		Change (%)	FY2006	Change (%)
Fire and Allied Lines	74,438	8.1	74,087	-0.5	102,072	7.2
Marine	4,360	4.5	4,645	6.5	6,482	14.5
Personal Accident	37,468	-0.1	36,876	-1.6	49,232	-0.1
Voluntary Automobile	355,713	1.6	356,660	0.3	472,090	1.7
Compulsory Automobile Liability	112,631	-0.8	112,808	0.2	149,749	-0.9
Other	53,874	2.7	56,667	5.2	71,611	4.3
Total	638,486	1.9	641,746	0.5	851,238	2.0

(3) Net Claims Paid by Class of Business

	Third Quarter FY2006		Third Quarter FY2007		(Millions of Yen)	
				Loss ratio (%)	FY2006	Loss ratio (%)
Fire and Allied Lines	32,771		25,040	35.1	43,510	44.2
Marine	1,984		2,899	64.5	2,719	43.7
Personal Accident	13,792		14,946	44.2	18,523	41.0
Voluntary Automobile	198,267		204,180	61.7	269,882	61.6
Compulsory Automobile Liability	76,250		75,339	72.7	100,044	72.0
Other	44,494		39,150	72.5	61,858	90.2
Total	367,561		361,558	60.5	496,539	62.4

* 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

	Third Quarter FY2006		Third Quarter FY2007		(Millions of Yen)	
		Change (%)		Change (%)	FY2006	Change (%)
Fire and Allied Lines	7,437	10.8	7,514	1.0	9,690	9.3
Marine	1,434	10.0	1,761	22.8	2,341	28.4
Personal Accident	525	-18.6	500	-4.8	821	-13.2
Voluntary Automobile	7,382	18.4	8,920	20.8	9,616	15.0
Compulsory Automobile Liability	82,819	-1.4	82,674	-0.2	110,105	-1.5
Other	7,589	2.5	6,359	-16.2	9,269	-11.0
Total	107,188	0.8	107,732	0.5	141,844	-0.2

(2) Net Inwards Reinsurance Claims by Class of Business

	Third Quarter FY2006		Third Quarter FY2007		(Millions of Yen)	
		Loss ratio (%)		Loss ratio (%)	FY2006	Loss ratio (%)
Fire and Allied Lines	3,474	46.7	2,456	32.7	6,451	66.6
Marine	1,016	70.9	1,746	99.1	1,416	60.5
Personal Accident	259	49.4	239	47.9	333	40.6
Voluntary Automobile	4,408	59.7	5,741	64.4	6,088	63.3
Compulsory Automobile Liability	76,250	92.1	75,339	91.1	100,044	90.9
Other	15,002	197.7	10,233	160.9	23,055	248.7
Total	100,412	93.7	95,756	88.9	137,388	96.9

*Loss ratio = Net Inwards Reinsurance Premiums / Net Inwards Reinsurance Claims x 100

3. Catastrophe Reserves

(Millions of Yen)

	Third Quarter FY2007		
	Amount	(Reserve rate) (%)	Change
Fire	87,836	(90.5)	5,780
Marine	4,141	(66.9)	181
Personal Accident	32,516	(66.1)	1,137
Motor	96,574	(20.3)	-1,773
Other	23,492	(31.1)	1,971
Total	244,561	(34.8)	7,296

(Millions of Yen)

FY2006	
Amount	(Reserve rate) (%)
82,056	(81.8)
3,960	(61.1)
31,379	(63.7)
98,348	(20.8)
21,520	(30.1)
237,265	(33.9)

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

Note: Reserve rate for the Third quarter of the fiscal 2007 is calculated by the figures based on 4/3 times of net premiums written excluding dwelling EQ and CALI

4. Total Assets/ Managed Assets

(Millions of Yen)

	FY2006	Third Quarter FY2007	Change
Cash and deposits	65,255	69,428	4,173
Call loans	20,000	10,000	-10,000
Monetary receivables bought	22,173	26,468	4,295
Money held in trust	5,050	2,484	-2,566
Investment in Securities	1,973,849	1,854,437	-119,412
Bonds	705,119	839,787	134,668
Equity securities	659,752	562,786	-96,966
Foreign securities	477,400	381,428	-95,972
Other securities	131,576	70,435	-61,141
Loans	341,043	345,908	4,864
Tangible fixed assets	154,840	151,863	-2,976
Intangible fixed assets	5,830	5,036	-794
Other assets	188,871	225,518	36,647
Deferred tax assets	7,203	62,132	54,928
Customers' liabilities for acceptances and guarantees	3,000	3,000	-
Allowance for doubtful accounts	-2,219	-2,188	30
Total assets	2,784,898	2,754,089	-30,808
Managed assets	2,569,727	2,447,417	-122,310
(For Reference)			
Long-Lived Assets	604,931	579,529	-25,401

5. Investment Income and Expenses

(Millions of Yen)

	Third Quarter FY2007	FY2006
Interest and dividend income	70,127	51,228
Gains and losses on sales of investments in securities	42,520	7,343
Losses on devaluation of investments in securities	-12,705	-1,625
Gains and losses on derivatives	-66,778	164
Other investment gains and losses	528	-70
Investment income on premiums for maturity of refundable portion of long-term and other insurance	-15,971	-22,007
Investment income and losses	17,720	35,031

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

(References) Investment and Dividend Income

(Millions of Yen)

	Third Quarter FY2007	FY2006
Investment in securities	60,190	38,746
Bonds	8,329	9,892
Equity securities	8,453	7,362
Foreign securities	30,861	15,698
Other securities	12,546	5,794
Loans	5,041	6,339
Land and buildings	3,838	5,113
Others	1,056	1,028
Total	70,127	51,228

6. Marketable Securities

(1) Unrealized profit and loss on securities

(Millions of Yen)

Third Quarter FY2007	Cost	Fair Value	Valuation Gains and Losses	Change
Government and municipal bonds	828,956	839,438	10,482	-932
Equity securities	235,867	498,104	262,236	-95,214
Foreign securities	338,442	357,225	18,783	-36,454
Others	83,566	85,788	2,221	-19,257
Total	1,486,833	1,780,557	293,724	-151,858

(Millions of Yen)

FY2006	Cost	Fair Value	Valuation Gains and Losses
Government and municipal bonds	692,964	704,379	11,414
Equity securities	245,564	603,015	357,450
Foreign securities	397,732	452,970	55,237
Others	118,797	140,277	21,479
Total	1,455,059	1,900,642	445,582

Note:

1. Other Marketable securities, which are fairly valued on the market, are listed in the above tables.
2. Monetary receivables bought is included in others.

(2) Gain and loss on sales of securities

(Millions of Yen)

	Third Quarter FY2007	FY2006
Government and municipal bonds	5,210	-657
Equity securities	6,750	7,766
Foreign securities	22,102	107
Others	8,457	126
Total	42,520	7,343

(3) Loss on devaluation of securities by impairment

(Millions of Yen)

	Third Quarter FY2007	FY2006
Government and municipal bonds	-	-
Equity securities	6,869	1,561
Foreign securities	5,835	64
Others	-	-
Total	12,705	1,625