

[Translation]

**SUMMARY OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

May 21, 2008

Name of Listed Company: **Mitsui Sumitomo Insurance Group Holdings , Inc.**  
(Mitsui Sumitomo Insurance Company, Limited)  
Securities Code No.: 8725  
Stock Exchanges: Tokyo, Osaka, Nagoya  
URL: <http://www.msig.com>  
Representative: Toshiaki Egashira, President  
Contact: Junichi Imai, Assistant General Manager, Consolidated Accounting,  
Accounting Department, Mitsui Sumitomo Insurance Company, Limited  
Telephone : (03)-3297-6168

Date of filing of Financial Report: June 26, 2008  
Date of payment of year-end dividends: June 27, 2008

(Note) Amounts are truncated, and ratios are rounded.

**1.Consolidated Business Results for the year ended March 31, 2008 (April 1, 2007 to March 31, 2008)**

(1) Results of Consolidated Operations (Yen in millions)

	Ordinary income		Ordinary profit		Net income	
Year ended March 31, 2008	2,137,603	1.0 %	60,866	(33.6) %	40,027	(34.2) %
Year ended March 31, 2007	2,117,072	0.5 %	91,684	(28.2) %	60,796	(15.2) %

Percent figures represent changes from the preceding fiscal year.

(Yen)

	Net income per share	Net income per share -Diluted	Return on equity	Ordinary profit to Total assets	Ordinary profit to Ordinary income
Year ended March 31, 2008	28.37	-	2.1 %	0.7 %	2.8 %
Year ended March 31, 2007	42.82	-	2.9 %	1.0 %	4.3 %

(Note) Equity in net gains(losses) of affiliates: ¥(5,273) million for the year ended March 31, 2008  
¥(2,677) million for the year ended March 31, 2007

(2) Consolidated Financial Conditions (Yen in millions)

	Total assets	Net assets	Net assets less minority interests to Total assets	Net assets less minority interests per share (Yen)
As of March 31, 2008	8,397,718	1,671,517	19.7 %	1,178.48
As of March 31, 2007	9,011,652	2,182,877	24.1 %	1,536.71

(Note) Net assets less minority interests: As of March 31, 2008: ¥1,655,062 million  
As of March 31, 2007: ¥2,168,615 million

(3) Consolidated Cash Flows (Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Year ended March 31, 2008	189,688	(185,621)	(329)	364,081
Year ended March 31, 2007	227,417	(220,522)	(37,358)	365,350

**2.Dividends**

	Dividend per share (Yen)			Total annual dividends (Yen in millions)	Dividend pay-out ratio (Consolidated)	Dividends on net assets (Consolidated)
	Interim	Year- end	Annual			
Year ended March 31, 2007	6.00	8.00	14.00	19,812	32.7%	0.9%
Year ended March 31, 2008	7.00	9.00	16.00	22,516	56.4%	1.2%

#### 4. Other information

(1) Significant changes in scope of consolidation during the period: None

(2) Change in accounting principle, procedure and presentation preparing the consolidated financial statements

1. Change due to revision of accounting standard: Yes

2. Change due to other than above: Yes

(3) The number of shares outstanding (Common stock)

1. The number of shares outstanding (including treasury stock)

As of March 31, 2008: 1,404,402,464 shares As of March 31, 2007: 1,513,184,880 shares

2. The number of treasury stock

As of March 31, 2008: - As of March 31, 2007: 101,982,776 shares

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

##### Non-consolidated Business Results for the year ended March 31, 2008 (April 1, 2007 to March 31, 2008)

###### (1) Results of Operations

(Yen in millions)

	Net premiums written		Ordinary profit		Net income	
Year ended March 31, 2008	* 1,306,848	* (1.3) %	55,018	(31.4) %	38,365	(30.7) %
	1,311,345	(1.0) %				
Year ended March 31, 2007	* 1,324,432	* (1.0) %	80,158	(30.6) %	55,352	(14.6) %
	1,325,011	(0.6) %				

Percent figures represent changes from the preceding fiscal year.

(Yen)

	Net income per share	Net income per share -Diluted	Return on equity	Net loss ratio	Net expense ratio
Year ended March 31, 2008	27.19	-	2.1 %	* 65.1 %	* 31.8 %
				64.9 %	31.6 %
Year ended March 31, 2007	38.98	-	2.7 %	* 63.1 %	* 30.8 %
				63.1 %	30.8 %

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

○ Net expense ratio = (Commissions and collection expenses + Operating expenses and general and administrative expenses) / Net premiums written x 100

\* For the purpose of easy comparison with other non-life insurance companies, "Net premiums written", "Net loss ratio", and "Net expense ratio" in upper column exclude Good Result Return premiums ("GRR premiums") of the Company's unique Automobile Insurance product "ModoRich", which contains a special clause of premium adjustment and refund at maturity. Since GRR premiums are included in the provision for Underwriting Reserve, the amounts of "Ordinary profit" and "Net income" remain unchanged.

###### (2) Financial Conditions

(Yen in millions)

	Total assets	Net assets	Net assets ratio	Net assets per share (Yen)
As of March 31, 2008	6,968,568	1,609,065	23.1 %	1,145.72
As of March 31, 2007	7,744,782	2,127,884	27.5 %	1,507.85

(Note) Net assets: As of March 31, 2008: ¥1,609,065 million As of March 31, 2007: ¥2,127,884 million

\* For the purpose of easy comparison with other non-life insurance companies, "Net premiums written" in upper column exclude Good Result Return premiums ("GRR premiums") of the Company's unique Automobile Insurance product "ModoRich", which contains a special clause of premium adjustment and refund at maturity. Since GRR premiums are included in the provision for Underwriting Reserve, the amounts of "Ordinary profit" and "Net income" remain unchanged.

## Summary of Consolidated Results of Operations

(Yen in millions)

Items	FY2006	FY2007	Increase (decrease)	Change (%)
<b>Ordinary Income and Expenses:</b>				
<b>Underwriting income:</b>	<b>1,947,162</b>	<b>1,954,428</b>	<b>7,266</b>	<b>0.4</b>
Net premiums written	1,492,808	1,541,032	48,224	3.2
Deposit premiums from policyholders	224,676	197,116	(27,559)	(12.3)
Life insurance premiums	165,363	156,528	(8,835)	(5.3)
<b>Underwriting expenses:</b>	<b>1,738,755</b>	<b>1,722,570</b>	<b>(16,184)</b>	<b>(0.9)</b>
Net claims paid	846,445	879,724	33,279	3.9
Loss adjustment expenses	69,968	80,981	11,013	15.7
Commission and collection expenses	257,658	248,984	(8,674)	(3.4)
Maturity refunds to policyholders	340,660	322,102	(18,558)	(5.4)
Life insurance claims	24,849	31,702	6,853	27.6
<b>Investment income:</b>	<b>165,224</b>	<b>177,376</b>	<b>12,151</b>	<b>7.4</b>
Interest and dividends received	179,081	189,328	10,247	5.7
Gains on sale of securities	32,815	40,073	7,257	22.1
<b>Investment expenses:</b>	<b>16,692</b>	<b>54,258</b>	<b>37,565</b>	<b>225.0</b>
Losses on sale of securities	6,018	3,756	(2,262)	(37.6)
Losses on devaluation of securities	6,038	15,387	9,348	154.8
<b>Operating expenses and general and administrative expenses</b>	<b>262,989</b>	<b>290,341</b>	<b>27,352</b>	<b>10.4</b>
<b>Other ordinary income and expenses</b>	<b>(2,265)</b>	<b>(3,767)</b>	<b>(1,502)</b>	<b>-</b>
<b>Ordinary profit</b>	<b>91,684</b>	<b>60,866</b>	<b>(30,817)</b>	<b>(33.6)</b>
<b>Extraordinary Income and Losses:</b>				
Extraordinary income	4,303	10,122	5,818	135.2
Extraordinary losses	8,074	15,060	6,986	86.5
<b>Extraordinary income and losses</b>	<b>(3,770)</b>	<b>(4,938)</b>	<b>(1,167)</b>	<b>-</b>
Income before income taxes	87,913	55,928	(31,985)	(36.4)
Income taxes - current	43,664	33,721	(9,942)	(22.8)
Income taxes - deferred	(17,529)	(18,322)	(792)	-
Minority interests	983	501	(481)	(49.0)
<b>Net income</b>	<b>60,796</b>	<b>40,027</b>	<b>(20,768)</b>	<b>(34.2)</b>

<Excluding the GRR premiums of the automobile insurance "ModoRich.">

Net premiums written	<b>1,492,229</b>	<b>1,536,535</b>	<b>44,305</b>	<b>3.0</b>
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**Direct Premiums Written by Lines of Insurance  
(including Deposit premiums from policyholders)**

**Consolidated**

(Yen in millions)

Lines of Insurance	FY2006			FY2007		
	Amount	Change %	Share %	Amount	Change %	Share %
Fire	301,692	(0.8)	16.7	317,881	5.4	17.4
Marine	113,005	11.4	6.3	121,969	7.9	6.7
Personal Accident	327,518	(4.1)	18.1	298,155	(9.0)	16.3
Voluntary Automobile	611,148	2.6	33.8	634,948	3.9	34.8
Compulsory Automobile Liability	176,826	(2.7)	9.8	165,851	(6.2)	9.1
Other	276,517	2.7	15.3	287,459	4.0	15.7
<b>Total</b>	<b>1,806,708</b>	<b>0.7</b>	<b>100.0</b>	<b>1,826,265</b>	<b>1.1</b>	<b>100.0</b>
Deposit premiums from policyholders	224,676	(10.0)	12.4	197,116	(12.3)	10.8

**<Excluding the GRR premiums of the automobile insurance "ModoRich.">**

Voluntary Automobile	610,568	1.5		630,450	3.3	
<b>Total</b>	<b>1,806,129</b>	<b>0.4</b>		<b>1,821,768</b>	<b>0.9</b>	

**Net Premiums by Lines of Insurance**

(Yen in millions)

Lines of Insurance	FY2006			FY2007		
	Amount	Change %	Share %	Amount	Change %	Share %
Fire	208,951	1.2	14.0	225,160	7.8	14.6
Marine	95,486	12.6	6.4	104,127	9.0	6.8
Personal Accident	139,531	(2.6)	9.3	138,217	(0.9)	9.0
Voluntary Automobile	601,353	1.9	40.3	624,949	3.9	40.5
Compulsory Automobile Liability	192,087	(0.7)	12.9	191,255	(0.4)	12.4
Other	255,398	3.9	17.1	257,321	0.8	16.7
<b>Total</b>	<b>1,492,808</b>	<b>2.0</b>	<b>100.0</b>	<b>1,541,032</b>	<b>3.2</b>	<b>100.0</b>

**<Excluding the GRR premiums of the automobile insurance "ModoRich.">**

Voluntary Automobile	600,774	0.8		620,452	3.3	
<b>Total</b>	<b>1,492,229</b>	<b>1.5</b>		<b>1,536,535</b>	<b>3.0</b>	

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

Lines of Insurance	FY2006			FY2007		
	Amount	Change %	Share %	Amount	Change %	Share %
Fire	100,229	13.6	11.9	104,817	4.6	11.9
Marine	38,684	10.0	4.6	44,367	14.7	5.0
Personal Accident	62,908	12.2	7.4	70,232	11.6	8.0
Voluntary Automobile	375,298	3.0	44.3	391,877	4.4	44.6
Compulsory Automobile Liability	134,908	3.4	15.9	136,542	1.2	15.5
Other	134,415	13.2	15.9	131,887	(1.9)	15.0
<b>Total</b>	<b>846,445</b>	<b>6.7</b>	<b>100.0</b>	<b>879,724</b>	<b>3.9</b>	<b>100.0</b>

Note: Any figures are amounts before the off-set of intersegment transactions.

## Consolidated Balance Sheets

(Yen in millions, %)

Items	As of March 31, 2007		As of March 31, 2008		Increase (decrease)
	Amount	Share	Amount	Share	
<b>(Assets)</b>					
Cash deposits and savings	345,330	3.83	363,179	4.32	17,848
Call loans	41,600	0.46	39,900	0.48	(1,700)
Monetary claims bought	84,349	0.94	96,401	1.15	12,052
Money trusts	57,138	0.64	49,697	0.59	(7,441)
Investments in securities	6,949,578	77.12	6,240,612	74.31	(708,966)
Loans	768,084	8.52	801,788	9.55	33,703
Tangible fixed assets	261,267	2.90	275,005	3.27	13,738
Intangible fixed assets	87,955	0.98	86,645	1.03	(1,310)
Other assets	418,167	4.64	443,897	5.29	25,729
Deferred tax assets	4,802	0.05	5,506	0.07	704
Customers' liabilities under acceptances and guarantees	1,237	0.01	588	0.01	(648)
Bad debts reserve	(7,859)	(0.09)	(5,503)	(0.07)	2,355
<b>Total assets</b>	<b>9,011,652</b>	<b>100.00</b>	<b>8,397,718</b>	<b>100.00</b>	<b>(613,934)</b>
<b>(Liabilities)</b>					
<b>Underwriting funds:</b>	<b>5,815,878</b>	<b>64.54</b>	<b>5,982,978</b>	<b>71.24</b>	<b>167,100</b>
Outstanding claims	820,714		845,786		25,072
Underwriting reserve	4,995,163		5,137,192		142,028
Short-term bonds	-	-	29,983	0.36	29,983
Bonds	99,998	1.11	99,991	1.19	(6)
Other liabilities	271,795	3.02	280,459	3.34	8,664
Reserve for pension and retirement benefits	81,540	0.90	78,786	0.94	(2,753)
Reserve for pension and retirement benefits for officers and operating officers	-	-	2,706	0.03	2,706
Accrued bonuses for employees	13,468	0.15	13,476	0.16	7
Reserve under the special law:	26,707	0.30	29,961	0.36	3,254
Reserve for price fluctuation	26,707		29,961		3,254
Deferred tax liabilities	518,149	5.75	207,267	2.47	(310,882)
Liabilities under acceptances and guarantees	1,237	0.01	588	0.01	(648)
<b>Total liabilities</b>	<b>6,828,775</b>	<b>75.78</b>	<b>6,726,200</b>	<b>80.10</b>	<b>(102,574)</b>
<b>(Net assets)</b>					
<b>Shareholders' equity:</b>					
Common stock	139,595	1.55	139,595	1.66	-
Capital surplus	93,138	1.03	93,107	1.11	(31)
Retained earnings	613,352	6.80	534,410	6.36	(78,941)
Treasury stock	(91,142)	(1.01)	-	-	91,142
<b>Total shareholders' equity</b>	<b>754,943</b>	<b>8.37</b>	<b>767,113</b>	<b>9.13</b>	<b>12,170</b>
<b>Valuation and translation adjustments:</b>					
Unrealized gains on investments, net of tax	1,402,879	15.57	875,914	10.43	(526,964)
Deferred hedge gains(losses), net of tax	(4,577)	(0.05)	528	0.01	5,105
Foreign currency translation adjustments	15,368	0.17	11,505	0.13	(3,863)
<b>Total valuation and translation adjustments</b>	<b>1,413,671</b>	<b>15.69</b>	<b>887,949</b>	<b>10.57</b>	<b>(525,722)</b>
Minority interests	14,261	0.16	16,454	0.20	2,192
<b>Total net assets</b>	<b>2,182,877</b>	<b>24.22</b>	<b>1,671,517</b>	<b>19.90</b>	<b>(511,359)</b>
<b>Total liabilities and net assets</b>	<b>9,011,652</b>	<b>100.00</b>	<b>8,397,718</b>	<b>100.00</b>	<b>(613,934)</b>

# Consolidated Statements of Income

(Yen in millions,%)

Items	FY2006		FY2007		Increase (decrease)
	Amount	Share	Amount	Share	
<b>Ordinary income and expenses:</b>					
<b>Ordinary income:</b>	<b>2,117,072</b>	<b>100.00</b>	<b>2,137,603</b>	<b>100.00</b>	<b>20,530</b>
<b>Underwriting income:</b>	<b>1,947,162</b>	<b>91.97</b>	<b>1,954,428</b>	<b>91.43</b>	<b>7,266</b>
Net premiums written	1,492,808		1,541,032		48,224
Deposit premiums from policyholders	224,676		197,116		(27,559)
Investment income on deposit premiums from policyholders	57,322		58,713		1,391
Life insurance premiums	165,363		156,528		(8,835)
Other underwriting income	6,991		1,037		(5,953)
<b>Investment income:</b>	<b>165,224</b>	<b>7.81</b>	<b>177,376</b>	<b>8.30</b>	<b>12,151</b>
Interest and dividends received	179,081		189,328		10,247
Investment gains on money trusts	952		327		(625)
Gains on sale of securities	32,815		40,073		7,257
Gains on redemption of securities	7,909		3,568		(4,341)
Other investment income	1,787		2,792		1,004
Transfer of investment income on deposit premiums from policyholders	(57,322)		(58,713)		(1,391)
<b>Other ordinary income</b>	<b>4,685</b>	<b>0.22</b>	<b>5,798</b>	<b>0.27</b>	<b>1,112</b>
<b>Ordinary expenses:</b>	<b>2,025,388</b>	<b>95.67</b>	<b>2,076,736</b>	<b>97.15</b>	<b>51,348</b>
<b>Underwriting expenses:</b>	<b>1,738,755</b>	<b>82.13</b>	<b>1,722,570</b>	<b>80.58</b>	<b>(16,184)</b>
Net claims paid	846,445		879,724		33,279
Loss adjustment expenses	69,968		80,981		11,013
Commission and collection expenses	257,658		248,984		(8,674)
Maturity refunds to policyholders	340,660		322,102		(18,558)
Dividends to policyholders	57		59		2
Life insurance claims	24,849		31,702		6,853
Provision for outstanding claims	75,783		27,846		(47,936)
Provision for underwriting reserve	121,044		128,703		7,658
Other underwriting expenses	2,286		2,464		177
<b>Investment expenses:</b>	<b>16,692</b>	<b>0.79</b>	<b>54,258</b>	<b>2.54</b>	<b>37,565</b>
Investment losses on money trusts	-		612		612
Losses on sale of securities	6,018		3,756		(2,262)
Losses on devaluation of securities	6,038		15,387		9,348
Losses on redemption of securities	192		534		341
Losses on derivative transactions	652		23,272		22,619
Other investment expenses	3,790		10,696		6,906
<b>Operating expenses and general and administrative expenses</b>	<b>262,989</b>	<b>12.42</b>	<b>290,341</b>	<b>13.58</b>	<b>27,352</b>
<b>Other ordinary expenses:</b>	<b>6,951</b>	<b>0.33</b>	<b>9,566</b>	<b>0.45</b>	<b>2,615</b>
Interest paid	829		1,082		253
Loss on bad debts	37		39		1
Equity in losses of affiliates	2,677		5,273		2,595
Other ordinary expenses	3,406		3,171		(235)
<b>Ordinary profit</b>	<b>91,684</b>	<b>4.33</b>	<b>60,866</b>	<b>2.85</b>	<b>(30,817)</b>
<b>Extraordinary income and losses:</b>					
<b>Extraordinary income:</b>	<b>4,303</b>	<b>0.20</b>	<b>10,122</b>	<b>0.47</b>	<b>5,818</b>
Gains on sale of fixed assets	1,984		9,290		7,305
Other extraordinary income	2,318		831		(1,487)
<b>Extraordinary losses:</b>	<b>8,074</b>	<b>0.38</b>	<b>15,060</b>	<b>0.70</b>	<b>6,986</b>
Losses on sale of fixed assets	2,079		8,065		5,985
Impairment loss on fixed assets	491		3,740		3,249
Provision for reserve under the special law	3,167		3,254		87
Provision for price fluctuation reserve	3,167		3,254		87
Other extraordinary losses	2,335		-		(2,335)
Income before income taxes	87,913	4.15	55,928	2.62	(31,985)
Income taxes - current	43,664	2.06	33,721	1.58	(9,942)
Income taxes - deferred	(17,529)	(0.83)	(18,322)	(0.86)	(792)
Minority Interests	983	0.05	501	0.02	(481)
<b>Net income</b>	<b>60,796</b>	<b>2.87</b>	<b>40,027</b>	<b>1.88</b>	<b>(20,768)</b>

## Consolidated Statement of Changes in Net Assets

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	139,595	93,127	577,028	(77,321)	732,429
Changes in the period					
Dividends from surplus (Note)			(12,785)		(12,785)
Dividends from surplus			(8,522)		(8,522)
Net income			60,796		60,796
Acquisition of treasury stock				(13,839)	(13,839)
Disposal of treasury stock		11		18	30
Change in interest in consolidated subsidiaries			(3,164)		(3,164)
Net changes in items other than shareholders' equity					
Changes in the period	-	11	36,323	(13,820)	22,514
Balance as of March 31, 2007	139,595	93,138	613,352	(91,142)	754,943

	Valuation and translation adjustments			Minority interests	Total net assets
	Unrealized gains on investments, net of tax	Deferred hedge gains(losses), net of tax	Foreign currency translation adjustments		
Balance as of March 31, 2006	1,291,051	-	3,988	7,221	2,034,690
Changes in the period					
Dividends from surplus (Note)					(12,785)
Dividends from surplus					(8,522)
Net income					60,796
Acquisition of treasury stock					(13,839)
Disposal of treasury stock					30
Change in interest in consolidated subsidiaries					(3,164)
Net changes in items other than shareholders' equity	111,828	(4,577)	11,379	7,040	125,671
Changes in the period	111,828	(4,577)	11,379	7,040	148,186
Balance as of March 31, 2007	1,402,879	(4,577)	15,368	14,261	2,182,877

(Note) This figure is the item about appropriation of profit approved at the ordinary general meeting of shareholders held in June 2006.

## Consolidated Statement of Changes in Net Assets

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	139,595	93,138	613,352	(91,142)	754,943
Changes in the period					
Dividends from surplus			(21,166)		(21,166)
Net income			40,027		40,027
Acquisition of treasury stock				(7,629)	(7,629)
Disposal of treasury stock		19		63	82
Cancellation of treasury stock		(50)	(98,657)	98,707	-
Increase due to change in consolidation scope			296		296
Increase due to merger at consolidated subsidiaries			558		558
Net changes in items other than shareholders' equity					
Changes in the period	-	(31)	(78,941)	91,142	12,170
Balance as of March 31, 2008	139,595	93,107	534,410	-	767,113

	Valuation and translation adjustments			Minority interests	Total net assets
	Unrealized gains on investments, net of tax	Deferred hedge gains(losses), net of tax	Foreign currency translation adjustments		
Balance as of March 31, 2007	1,402,879	(4,577)	15,368	14,261	2,182,877
Changes in the period					
Dividends from surplus					(21,166)
Net income					40,027
Acquisition of treasury stock					(7,629)
Disposal of treasury stock					82
Cancellation of treasury stock					-
Increase due to change in consolidation scope					296
Increase due to merger at consolidated subsidiaries					558
Net changes in items other than shareholders' equity	(526,964)	5,105	(3,863)	2,192	(523,529)
Changes in the period	(526,964)	5,105	(3,863)	2,192	(511,359)
Balance as of March 31, 2008	875,914	528	11,505	16,454	1,671,517



## Consolidated Statements of Cash Flows

(Yen in millions)

Items	FY2006	FY2007	Change
<b>I . Cash flows from operating activities:</b>			
Income before income taxes	87,913	55,928	(31,985)
Depreciation	16,631	19,441	2,810
Impairment loss on fixed assets	491	3,740	3,249
Amortization of goodwill	2,052	2,845	792
Amortization of negative goodwill	(8)	(453)	(445)
Increase(decrease) in outstanding claims	75,783	27,936	(47,846)
Increase(decrease) in underwriting reserve	118,445	126,534	8,089
Increase(decrease) in bad debts reserve	(5,018)	(2,424)	2,593
Increase(decrease) in reserve for employees' retirement and severance benefits	(983)	384	1,367
Increase(decrease) in reserve for pension and retirement benefits for officers and operating officers	-	(394)	(394)
Increase(decrease) in accrued bonuses for employees	(343)	36	379
Increase(decrease) in reserve for price fluctuation	3,167	3,254	87
Interest and dividend income	(179,081)	(189,328)	(10,247)
Losses(gains) on investment in securities	(28,730)	(23,963)	4,766
Losses(gains) on investment in derivative transactions	652	23,272	22,619
Interest expenses	829	1,082	253
Foreign exchange losses(gains)	1,526	9,666	8,140
Losses(gains) on disposal of tangible fixed assets	(266)	(1,220)	(954)
Equity in losses(gains) of affiliates	2,677	5,273	2,595
Decrease(increase) in other assets	(13,621)	(13,685)	(63)
Increase(decrease) in other liabilities	14,853	(2,232)	(17,086)
Others	6,643	3,894	(2,749)
<b>Subtotal</b>	<b>103,614</b>	<b>49,587</b>	<b>(54,027)</b>
Interest and dividends received	176,459	185,523	9,064
Interest paid	(795)	(947)	(151)
Income tax paid	(51,861)	(44,476)	7,385
<b>Net cash provided by operating activities</b>	<b>227,417</b>	<b>189,688</b>	<b>(37,728)</b>
<b>II . Cash flows from investing activities:</b>			
Net increase(decrease) in deposit at banks	(5,410)	(12,024)	(6,613)
Purchase of monetary claims bought	(22,323)	(16,446)	5,877
Proceeds from sales and redemption of monetary claims bought	2,299	4	347
Purchase of money trusts	(15,000)	(8,066)	6,933
Proceeds from sales of money trusts	14,179	10,700	(3,479)
Purchase of securities	(918,030)	(843,847)	74,182
Proceeds from sales and redemption of securities	764,441	736,363	(28,077)
Investment in loans	(260,617)	(258,430)	2,187
Collection of loans	267,783	224,654	(43,129)
Increase(decrease) in cash received under securities lending transactions	(20,429)	6,766	27,195
Others	(1,444)	5,104	6,548
<b>II ① Subtotal</b>	<b>(194,551)</b>	<b>(152,579)</b>	<b>41,972</b>
<b>(I + II ①)</b>	<b>(32,865)</b>	<b>(37,108)</b>	<b>4,243</b>
Acquisition of tangible fixed assets	(23,848)	(41,861)	(18,012)
Proceeds from sales of tangible fixed assets	5,193	14,176	8,982
Cash paid on acquisition, net of cash and cash equivalents acquired	(7,337)	-	7,337
Others	21	(5,356)	(5,378)
<b>Net cash used in investing activities</b>	<b>(220,522)</b>	<b>(185,621)</b>	<b>34,900</b>
<b>III . Cash flows from financing activities:</b>			
Proceeds from issuance of short-term bonds	-	29,976	29,976
Proceeds from issuance of bonds	-	29,991	29,991
Redemption of bonds	-	(30,000)	(30,000)
Acquisition of treasury stock	(13,839)	(7,629)	6,210
Cash dividends paid	(21,308)	(21,166)	141
Cash dividends paid to minority shareholders	(1,207)	(700)	507
Others	(1,003)	(800)	202
<b>Net cash used in financing activities</b>	<b>(37,358)</b>	<b>(329)</b>	<b>37,029</b>
<b>IV . Effect of exchange rate changes on cash and cash equivalents</b>	<b>9,634</b>	<b>(5,307)</b>	<b>(14,942)</b>
<b>V . Net change in cash and cash equivalents</b>	<b>(20,829)</b>	<b>(1,570)</b>	<b>19,259</b>
<b>VI . Cash and cash equivalents at beginning of the year</b>	<b>386,179</b>	<b>365,350</b>	<b>(20,829)</b>
<b>VII . Increase in cash and cash equivalents due to merger at consolidated subsidiaries</b>	<b>-</b>	<b>630</b>	<b>630</b>
<b>VIII . Decrease in cash and cash equivalents due to change in consolidation scope</b>	<b>-</b>	<b>(329)</b>	<b>(329)</b>
<b>IX . Cash and cash equivalents at end of the year</b>	<b>365,350</b>	<b>364,081</b>	<b>(1,269)</b>

## Securities

1. Trading securities  
Not applicable

### 2. Marketable securities held to maturity

(Yen in Millions)

Items		As of March 31, 2007			As of March 31, 2008		
		Amortized cost	Fair value	Difference	Amortized cost	Fair value	Difference
In case fair values exceed amortized cost	Domestic Bonds	241,345	244,156	2,810	378,795	389,882	11,087
	Foreign Securities	980	994	13	5,022	5,043	21
	Sub Total	242,326	245,150	2,824	383,818	394,926	11,108
In case fair values do not exceed amortized cost	Domestic Bonds	134,165	132,433	(1,732)	59,218	57,729	(1,488)
	Foreign Securities	7,234	7,202	(32)	-	-	-
	Sub Total	141,400	139,635	(1,764)	59,218	57,729	(1,488)
Total		383,726	384,786	1,060	443,036	452,655	9,619

### 3. Marketable securities earmarked for policy reserve

(Yen in Millions)

Items		As of March 31, 2007			As of March 31, 2008		
		Amortized cost	Fair value	Difference	Amortized cost	Fair value	Difference
In case fair values exceed amortized cost	Domestic Bonds	2,290	2,325	34	4,489	4,710	220
In case fair values do not exceed amortized cost	Domestic Bonds	891	889	(1)	-	-	-
Total		3,181	3,214	33	4,489	4,710	220

### 4. Marketable securities available for sale

(Yen in Millions)

Items		As of March 31, 2007			As of March 31, 2008		
		Acquisition cost	Fair value	Difference	Acquisition cost	Fair value	Difference
In case fair values exceed cost or amortized cost	Domestic Bonds	1,374,597	1,397,365	22,767	1,907,332	1,955,576	48,243
	Domestic Stocks	740,835	2,822,026	2,081,191	680,194	1,999,523	1,319,329
	Foreign Securities	702,409	791,673	89,264	492,661	550,972	58,310
	Others	101,983	115,031	13,048	79,213	85,277	6,063
	Sub Total	2,919,825	5,126,098	2,206,273	3,159,402	4,591,349	1,431,947
In case fair values do not exceed cost or amortized cost	Domestic Bonds	846,752	838,710	(8,041)	264,754	261,650	(3,104)
	Domestic Stocks	13,835	12,686	(1,148)	76,030	70,677	(5,352)
	Foreign Securities	432,493	426,722	(5,771)	738,324	696,912	(41,411)
	Others	45,703	44,688	(1,014)	79,849	69,477	(10,371)
	Sub Total	1,338,784	1,322,808	(15,976)	1,158,958	1,098,718	(60,240)
Total		4,258,609	6,448,906	2,190,296	4,318,361	5,690,068	1,371,707

As of March 31, 2007	As of March 31, 2008
<p>1. Others include beneficiary claims on loan trusts represented as monetary claims bought in consolidated balance sheets.</p> <p>2. Impairment losses of marketable securities available for sale amount to 3,005 million yen.</p> <p>Parent company and its domestic consolidated subsidiaries recognize impairment losses on marketable securities if the fair value is declined by more than 50% of their cost or amortized cost, or more than 30% except the fair value is expected to be recovered.</p>	<p>1. Others include beneficiary claims on loan trusts represented as monetary claims bought in consolidated balance sheets.</p> <p>2. Impairment losses of marketable securities available for sale amount to 13,045 million yen.</p> <p>Parent company and its domestic consolidated subsidiaries in principle recognize impairment losses on marketable securities if the fair value is declined by more than 30% of their cost or amortized cost.</p>

5. Securities earmarked for policy reserve sold in this fiscal year  
Not applicable

6. Securities available for sale sold in this fiscal year

(Yen in Millions)

Items	FY2006			FY2007		
	Sold Amount	Gains on sale	Losses on sale	Sold Amount	Gains on sale	Losses on sale
Securities available for sale	538,466	32,815	6,018	492,251	39,798	3,755

7. Securities for which fair value is not available

(Yen in Millions)

As of March 31, 2007		As of March 31, 2008	
(1) Securities held to maturity		(1) Securities held to maturity	
Foreign Securities	510	Foreign Securities	6,437
Others	44,226	Others	21,385
Note: Others include certificate of deposit which are represented as cash deposits and savings, and commercial paper which are represented as monetary claims bought in consolidated balance sheets.		Note: Others include certificate of deposit which are represented as cash deposits and savings, and commercial paper which are represented as monetary claims bought in consolidated balance sheets.	
(2) Securities earmarked for policy reserve Not applicable		(2) Securities earmarked for policy reserve Not applicable	
(3) Securities available for sale		(3) Securities available for sale	
Domestic Bonds	5,381	Domestic Bonds	5,579
Domestic Stocks	75,144	Domestic Stocks	71,457
Foreign Securities	53,430	Foreign Securities	57,123
Others	12,217	Others	13,558
Note: Others include beneficiary claims on loan trusts represented as monetary claims bought in consolidated balance sheets.		Note: Others include beneficiary claims on loan trusts represented as monetary claims bought in consolidated balance sheets.	

8. Details of fixed maturity securities by contractual maturity

(Yen in Millions)

Items	As of March 31, 2007				As of March 31, 2008			
	Due within one year	Due after one year through five years	Due after five years through ten	Due after ten years	Due within one year	Due after one year through five	Due after five years through ten	Due after ten years
Japanese government bonds	10,536	148,087	378,300	326,133	13,287	275,584	247,117	412,311
Japanese municipal bonds	17,333	74,702	20,628	38,518	20,687	54,915	9,922	75,527
Japanese corporate bonds	79,683	699,784	602,178	224,263	94,242	659,160	498,226	304,328
Foreign Securities	115,170	598,167	240,582	84,818	154,205	611,640	189,943	82,062
Others	35,273	1,297	1,201	61,694	21,385	1,013	1,041	78,136
Total	257,997	1,522,039	1,242,891	735,428	303,808	1,602,313	946,251	952,367

Note: Others include certificate of deposit which are represented as cash deposits and savings, and commercial paper which are represented as monetary claims bought in consolidated balance sheets.

## Summary of Non-consolidated Results of Operations

(Yen in millions)

Items	FY2006	FY2007	Increase (decrease)	Change %
<b>Direct premiums written (including Deposit premiums from policyholders)</b>	<b>1,592,753</b>	<b>1,549,168</b>	<b>(43,585)</b>	<b>(2.7)</b>
Direct premiums written	1,368,077	1,352,051	(16,026)	(1.2)
<b>Ordinary income and expenses:</b>				
<b>Underwriting income</b>	<b>1,607,507</b>	<b>1,574,421</b>	<b>(33,085)</b>	<b>(2.1)</b>
Net premiums written	1,325,011	1,311,345	(13,665)	(1.0)
Deposit premiums from policyholders	224,676	197,116	(27,559)	(12.3)
<b>Underwriting expenses</b>	<b>1,447,997</b>	<b>1,390,037</b>	<b>(57,960)</b>	<b>(4.0)</b>
Net claims paid	771,012	777,383	6,370	0.8
Loss adjustment expenses	65,363	74,001	8,637	13.2
Commission and collection expenses	213,074	209,956	(3,118)	(1.5)
Maturity refunds to policyholders	340,660	322,102	(18,558)	(5.4)
<b>Investment income</b>	<b>134,707</b>	<b>135,603</b>	<b>895</b>	<b>0.7</b>
Interest and dividends received	151,243	154,500	3,256	2.2
Gains on sale of securities	30,893	35,202	4,308	13.9
<b>Investment expenses</b>	<b>10,589</b>	<b>50,329</b>	<b>39,739</b>	<b>375.3</b>
Losses on sale of securities	3,559	1,600	(1,959)	(55.0)
Losses on devaluation of securities	4,131	14,779	10,648	257.8
<b>Operating expenses and general and administrative expenses</b>	<b>207,479</b>	<b>217,726</b>	<b>10,247</b>	<b>4.9</b>
Those related to underwriting insurance	194,696	205,052	10,356	5.3
<b>Other ordinary income and expenses</b>	<b>4,009</b>	<b>3,086</b>	<b>(923)</b>	<b>(23.0)</b>
<b>Ordinary Profit</b>	<b>80,158</b>	<b>55,018</b>	<b>(25,139)</b>	<b>(31.4)</b>
Underwriting profit(loss)	(34,723)	(19,641)	15,082	—
<b>Extraordinary income and losses:</b>				
Extraordinary income	3,689	9,970	6,280	170.2
Extraordinary losses	7,873	14,806	6,933	88.1
<b>Extraordinary income and losses</b>	<b>(4,184)</b>	<b>(4,836)</b>	<b>(652)</b>	<b>—</b>
Income before income taxes	75,974	50,182	(25,791)	(33.9)
Income taxes-current	37,786	24,127	(13,659)	(36.1)
Income taxes-deferred	(17,165)	(12,311)	4,854	—
<b>Net income</b>	<b>55,352</b>	<b>38,365</b>	<b>(16,986)</b>	<b>(30.7)</b>
<b>Ratios:</b>				
Net loss ratio	63.1%	64.9%		
Net expense ratio	30.8%	31.6%		
Yield on investment asset (income yield)	2.92%	2.97%		
Yield on asset management (realized yield)	3.50%	2.75%		

### <Excluding the GRR premiums of the automobile insurance "ModoRich.">

<b>Direct premiums written (including Deposit premiums from policyholders)</b>	<b>1,592,174</b>	<b>1,544,670</b>	<b>(47,504)</b>	<b>(3.0)</b>
Direct premiums written	1,367,498	1,347,553	(19,944)	(1.5)
Net premiums written	1,324,432	1,306,848	(17,583)	(1.3)
Net loss ratio	63.1%	65.1%		
Net expense ratio	30.8%	31.8%		

(Reference) (Yield on total return based on the market value:

4.83% for the fiscal year ended March 31, 2007, (9.21)% for the fiscal year ended March 31, 2008)

Note: Underwriting profit(loss) = Underwriting income - (Underwriting expenses+ Operating expenses and general administrative expenses related to underwriting insurance)±other income and expenses

Other income and expenses consist mainly of Income Taxes of Compulsory Automobile Liability.

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

\*Net expense ratio = (Commission and collection expenses + Operating expenses and general and administrative expenses related to underwriting insurance) / Net premiums written x 100

**Direct Premiums Written by Lines of Insurance**  
 (excluding Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	FY2006			FY2007		
	Amount	Change %	Share %	Amount	Change %	Share %
Fire	217,070	(1.8)	15.9	216,231	(0.4)	16.0
Marine	80,570	8.2	5.9	85,521	6.1	6.3
Personal Accident	139,550	(3.2)	10.2	136,350	(2.3)	10.1
Voluntary Automobile	563,893	(0.2)	41.2	556,452	(1.3)	41.1
Compulsory Automobile Liability	176,826	(2.7)	12.9	165,851	(6.2)	12.3
Other	190,166	0.3	13.9	191,643	0.8	14.2
<b>Total</b>	<b>1,368,077</b>	<b>(0.6)</b>	<b>100.0</b>	<b>1,352,051</b>	<b>(1.2)</b>	<b>100.0</b>
(Deposit premiums from policyholders)	224,676	(10.0)		197,116	(12.3)	

&lt;Excluding the GRR premiums of the automobile insurance "ModoRich."&gt;

Voluntary Automobile	563,314	(1.3)		551,955	(2.0)	
<b>Total</b>	<b>1,367,498</b>	<b>(1.0)</b>		<b>1,347,553</b>	<b>(1.5)</b>	

**Net Premiums by Lines of Insurance**

(Yen in millions)

Lines of Insurance	FY2006			FY2007		
	Amount	Change %	Share %	Amount	Change %	Share %
Fire	178,919	(2.3)	13.5	176,291	(1.5)	13.4
Marine	70,217	6.3	5.3	72,766	3.6	5.5
Personal Accident	133,847	(3.5)	10.1	130,780	(2.3)	10.0
Voluntary Automobile	563,606	(0.2)	42.5	555,894	(1.4)	42.4
Compulsory Automobile Liability	192,087	(0.7)	14.5	191,001	(0.6)	14.6
Other	186,334	(0.0)	14.1	184,611	(0.9)	14.1
<b>Total</b>	<b>1,325,011</b>	<b>(0.6)</b>	<b>100.0</b>	<b>1,311,345</b>	<b>(1.0)</b>	<b>100.0</b>

&lt;Excluding the GRR premiums of the automobile insurance "ModoRich."&gt;

Voluntary Automobile	563,026	(1.3)		551,397	(2.1)	
<b>Total</b>	<b>1,324,432</b>	<b>(1.0)</b>		<b>1,306,848</b>	<b>(1.3)</b>	

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

Lines of Insurance	FY2006			FY2007			
	Amount	Change %	Net Loss Ratio %	Amount	Change %	Net Loss Ratio %	Change in L/R %
Fire	84,848	7.9	49.5	78,625	(7.3)	47.1	(2.4)
Marine	31,367	3.4	47.0	34,644	10.4	50.6	3.6
Personal Accident	60,749	12.3	50.3	66,559	9.6	58.1	7.8
Voluntary Automobile	354,941	1.4	69.4	353,424	(0.4)	70.8	1.4
Compulsory Automobile Liability	134,908	3.4	76.0	136,386	1.1	77.2	1.2
Other	104,196	8.2	59.1	107,743	3.4	62.0	2.9
<b>Total</b>	<b>771,012</b>	<b>4.2</b>	<b>63.1</b>	<b>777,383</b>	<b>0.8</b>	<b>64.9</b>	<b>1.8</b>

&lt;Excluding the GRR premiums of the automobile insurance "ModoRich."&gt;

Voluntary Automobile	354,941	1.4	69.5	353,424	(0.4)	71.4	1.9
<b>Total</b>	<b>771,012</b>	<b>4.2</b>	<b>63.1</b>	<b>777,383</b>	<b>0.8</b>	<b>65.1</b>	<b>2.0</b>

Note: Net Loss Ratio = (net claims paid + loss adjustment expenses)/net premiums written × 100

## Non-consolidated Balance Sheets

(Yen in millions, %)

Items	As of March 31, 2007		As of March 31, 2008		Increase (decrease)
	Amount	Share	Amount	Share	
(Assets)					
<b>Cash deposits and savings:</b>	<b>174,005</b>	<b>2.25</b>	<b>159,562</b>	<b>2.29</b>	<b>(14,442)</b>
Cash on hand	534		405		
Deposits in banks	173,470		159,157		
<b>Call loans</b>	<b>41,600</b>	<b>0.54</b>	<b>39,900</b>	<b>0.58</b>	<b>(1,700)</b>
<b>Monetary claims bought</b>	<b>75,368</b>	<b>0.97</b>	<b>90,700</b>	<b>1.30</b>	<b>15,331</b>
<b>Money trusts</b>	<b>56,598</b>	<b>0.73</b>	<b>49,632</b>	<b>0.71</b>	<b>(6,965)</b>
<b>Investments in securities:</b>	<b>6,098,553</b>	<b>78.74</b>	<b>5,275,291</b>	<b>75.70</b>	<b>(823,261)</b>
Government bonds	276,376		305,951		
Municipal bonds	142,210		150,419		
Corporate bonds	1,361,663		1,265,190		
Stocks	3,010,017		2,244,766		
Foreign securities	1,194,662		1,213,524		
Other securities	113,623		95,438		
<b>Loans:</b>	<b>746,188</b>	<b>9.63</b>	<b>777,105</b>	<b>11.15</b>	<b>30,917</b>
Policy loans	16,492		14,949		
General loans	729,695		762,156		
<b>Tangible fixed assets:</b>	<b>241,385</b>	<b>3.12</b>	<b>254,282</b>	<b>3.65</b>	<b>12,897</b>
Land	86,355		97,226		
Buildings	123,690		135,184		
Construction in progress	10,713		167		
Other tangible assets	20,624		21,704		
<b>Intangible fixed assets:</b>	<b>3,064</b>	<b>0.04</b>	<b>3,544</b>	<b>0.05</b>	<b>479</b>
Other intangible assets	3,064		3,544		
<b>Other assets:</b>	<b>304,525</b>	<b>3.93</b>	<b>315,784</b>	<b>4.53</b>	<b>11,258</b>
Premiums receivable	2,825		2,947		
Due to agents	58,607		52,014		
Due to foreign agents	1,060		97		
Co-insurance business receivable	7,769		7,081		
Reinsurance business receivable	50,716		52,374		
Foreign reinsurance business receivable	21,334		22,596		
Agent business receivable	969		842		
Other receivable	12,680		15,272		
Accrued income	17,574		17,084		
Deposits received	20,963		19,992		
Deposits with the Japan Earthquake Reinsurance Company	64,910		68,581		
Suspense payments	37,928		39,529		
Assets related to derivative transactions	6,494		16,678		
Other assets	690		690		
<b>Customers' liabilities under acceptances and guarantees</b>	<b>9,275</b>	<b>0.12</b>	<b>7,102</b>	<b>0.10</b>	<b>(2,172)</b>
<b>Bad debts reserve</b>	<b>(5,782)</b>	<b>(0.07)</b>	<b>(4,339)</b>	<b>(0.06)</b>	<b>1,442</b>
<b>Total assets</b>	<b>7,744,782</b>	<b>100.00</b>	<b>6,968,568</b>	<b>100.00</b>	<b>(776,214)</b>

## Non-consolidated Balance Sheets

(Yen in millions, %)

Items	As of March 31, 2007		As of March 31, 2008		Increase (decrease)
	Amount	Share	Amount	Share	
(Liabilities)					
<b>Underwriting funds:</b>	<b>4,661,578</b>	<b>60.19</b>	<b>4,656,214</b>	<b>66.82</b>	<b>(5,363)</b>
Outstanding claims	599,156		590,155		
Underwriting reserve	4,062,421		4,066,058		
<b>Short-term bonds</b>	-	-	<b>29,983</b>	<b>0.43</b>	<b>29,983</b>
<b>Bonds</b>	<b>99,998</b>	<b>1.29</b>	<b>99,991</b>	<b>1.43</b>	<b>(6)</b>
<b>Other liabilities:</b>	<b>212,215</b>	<b>2.74</b>	<b>239,663</b>	<b>3.44</b>	<b>27,447</b>
Co-insurance business payable	9,563		9,177		
Reinsurance business payable	50,310		37,548		
Foreign reinsurance business payable	20,446		19,770		
Agent business payable	86		23		
Payable under securities lending transactions	29,275		36,042		
Income taxes payable	15,447		9,106		
Deposits received	17,182		22,275		
Advance received	191		131		
Other payable	27,583		31,390		
Suspense receipts	28,387		31,399		
Liabilities related to derivative transactions	12,345		41,362		
Other liabilities	1,395		1,435		
<b>Reserve for pension and retirement benefits</b>	<b>78,813</b>	<b>1.02</b>	<b>76,457</b>	<b>1.10</b>	<b>(2,355)</b>
<b>Reserve for pension and retirement benefits for officers and operating officers</b>	-	-	<b>2,598</b>	<b>0.04</b>	<b>2,598</b>
<b>Accrued bonuses for employees</b>	<b>10,805</b>	<b>0.14</b>	<b>11,104</b>	<b>0.16</b>	<b>298</b>
<b>Reserve under the special law:</b>	<b>25,774</b>	<b>0.33</b>	<b>28,818</b>	<b>0.41</b>	<b>3,044</b>
Reserve for price fluctuation	25,774		28,818		
<b>Deferred tax liabilities</b>	<b>518,437</b>	<b>6.69</b>	<b>207,567</b>	<b>2.98</b>	<b>(310,869)</b>
<b>Liabilities under acceptances and guarantees</b>	<b>9,275</b>	<b>0.12</b>	<b>7,102</b>	<b>0.10</b>	<b>(2,172)</b>
<b>Total Liabilities</b>	<b>5,616,897</b>	<b>72.52</b>	<b>5,359,503</b>	<b>76.91</b>	<b>(257,394)</b>
(Net assets)					
<b>Shareholders' equity:</b>					
<b>Common stock</b>	<b>139,595</b>	<b>1.80</b>	<b>139,595</b>	<b>2.00</b>	-
<b>Capital surplus:</b>					
Additional paid-in capital	93,107		93,107		
Other capital surplus	31		-		
<b>Total capital surplus</b>	<b>93,138</b>	<b>1.20</b>	<b>93,107</b>	<b>1.34</b>	<b>(31)</b>
<b>Retained earnings:</b>					
Legal earned reserve	46,487		46,487		
Other retained earnings:	548,681		467,223		
Special reserve	148,400		183,400		
Reserve for dividends	77,200		77,200		
Special reserve for policyholders	193,900		193,900		
Reserve for overseas investment loss	0		0		
Reserve for special depreciation	73		-		
Reserve for advanced depreciation	2,175		7,452		
Reserve for anticipated advanced depreciation	744		-		
Unappropriated retained earnings	126,189		5,271		
<b>Total retained earnings</b>	<b>595,169</b>	<b>7.69</b>	<b>513,711</b>	<b>7.37</b>	<b>(81,458)</b>
<b>Treasury stock</b>	<b>(91,142)</b>	<b>(1.17)</b>	-	-	<b>91,142</b>
<b>Total shareholders' equity</b>	<b>736,761</b>	<b>9.52</b>	<b>746,414</b>	<b>10.71</b>	<b>9,653</b>
<b>Valuation and translation adjustments</b>					
<b>Unrealized gains on investments, net of tax</b>	<b>1,395,700</b>	<b>18.02</b>	<b>862,121</b>	<b>12.37</b>	<b>(533,578)</b>
<b>Deferred hedge gains(losses),net of tax</b>	<b>(4,577)</b>	<b>(0.06)</b>	<b>528</b>	<b>0.01</b>	<b>5,105</b>
<b>Total valuation and translation adjustments</b>	<b>1,391,123</b>	<b>17.96</b>	<b>862,650</b>	<b>12.38</b>	<b>(528,473)</b>
<b>Total net assets</b>	<b>2,127,884</b>	<b>27.48</b>	<b>1,609,065</b>	<b>23.09</b>	<b>(518,819)</b>
<b>Total liabilities and net assets</b>	<b>7,744,782</b>	<b>100.00</b>	<b>6,968,568</b>	<b>100.00</b>	<b>(776,214)</b>

## Non-consolidated Statements of Income

(Yen in millions)

Items	FY2006	FY2007	Increase (decrease)
<b>Ordinary income:</b>	<b>1,748,280</b>	<b>1,716,114</b>	<b>(32,165)</b>
<b>Underwriting income:</b>	<b>1,607,507</b>	<b>1,574,421</b>	<b>(33,085)</b>
Net premiums written	1,325,011	1,311,345	(13,665)
Deposit premiums from policyholders	224,676	197,116	(27,559)
Investment income on deposit premiums from policyholders	57,322	58,700	1,378
Reversal of outstanding claims	-	7,142	7,142
Reversal of underwriting reserve	10	-	(10)
Foreign exchange gains	448	-	(448)
Other underwriting income	39	115	76
<b>Investment income:</b>	<b>134,707</b>	<b>135,603</b>	<b>895</b>
Interest and dividends received	151,243	154,500	3,256
Investment gains on money trusts	952	324	(628)
Gains on sale of securities	30,893	35,202	4,308
Gains on redemption of securities	7,763	3,558	(4,205)
Foreign exchange gains	620	-	(620)
Other investment income	554	718	164
Transfer of investment income on deposit premiums from policyholders	(57,322)	(58,700)	(1,378)
<b>Other ordinary income</b>	<b>6,065</b>	<b>6,089</b>	<b>24</b>
<b>Ordinary expenses:</b>	<b>1,668,122</b>	<b>1,661,096</b>	<b>(7,025)</b>
<b>Underwriting expenses:</b>	<b>1,447,997</b>	<b>1,390,037</b>	<b>(57,960)</b>
Net claims paid	771,012	777,383	6,370
Loss adjustment expenses	65,363	74,001	8,637
Commission and collection expenses	213,074	209,956	(3,118)
Maturity refunds to policyholders	340,660	322,102	(18,558)
Dividends to policyholders	57	59	2
Provision for outstanding claims	57,558	-	(57,558)
Provision for underwriting reserve	-	4,939	4,939
Foreign exchange losses	-	1,386	1,386
Other underwriting expenses	269	208	(60)
<b>Investment expenses:</b>	<b>10,589</b>	<b>50,329</b>	<b>39,739</b>
Investment losses on money trusts	-	608	608
Losses on sale of securities	3,559	1,600	(1,959)
Losses on devaluation of securities	4,131	14,779	10,648
Losses on redemption of securities	8	520	512
Losses on derivative transactions	652	23,204	22,551
Foreign exchange losses	-	7,061	7,061
Other investment expenses	2,238	2,555	316
<b>Operating expenses and general and administrative expenses</b>	<b>207,479</b>	<b>217,726</b>	<b>10,247</b>
<b>Other ordinary expenses:</b>	<b>2,055</b>	<b>3,003</b>	<b>947</b>
Interest expenses	769	1,049	279
Loss on bad debts	18	11	(6)
Other ordinary expenses	1,267	1,942	674
<b>Ordinary profit</b>	<b>80,158</b>	<b>55,018</b>	<b>(25,139)</b>
<b>Extraordinary income:</b>	<b>3,689</b>	<b>9,970</b>	<b>6,280</b>
Gains on sale of fixed assets	1,892	9,188	7,295
Other extraordinary income	1,796	781	(1,015)
<b>Extraordinary losses:</b>	<b>7,873</b>	<b>14,806</b>	<b>6,933</b>
Losses on sale of fixed assets	2,062	8,021	5,959
Impairment loss on fixed assets	491	3,740	3,249
Provision for reserve under the special law	2,983	3,044	60
Provision for price fluctuation reserve	2,983	3,044	60
Other extraordinary losses	2,335	-	(2,335)
<b>Income before income taxes</b>	<b>75,974</b>	<b>50,182</b>	<b>(25,791)</b>
Income taxes-current	37,786	24,127	(13,659)
Income taxes-deferred	(17,165)	(12,311)	4,854
<b>Net income</b>	<b>55,352</b>	<b>38,365</b>	<b>(16,986)</b>



Non-consolidated Statement of Changes in Net Assets

FY2006

(Yen in millions)

	Shareholders' equity													Treasury stock	Total shareholders' equity
	Common stock	Capital surplus			Legal earned reserve	Retained earnings									
		Additional paid-in capital	Other capital surplus	Special reserve		Reserve for dividends	Special reserve for policyholders	Reserve for overseas investment loss	Reserve for special depreciation	Reserve for advanced depreciation	Reserve for anticipated advanced depreciation	Unappropriated retained earnings			
													Other retained earnings		
Balance as of March 31,2006	139,595	93,107	19	46,487	126,400	73,200	175,900	0	488	1,229	—	137,420	(77,321)	716,526	
Changes in the period															
Provision for special reserve and others (Note)					22,000	4,000	18,000			943		(44,943)		—	
Reversal of reserve for special depreciation and others (Note)									(231)	(20)		251		—	
Provision for reserve for anticipated advanced depreciation and others										53	744	(798)		—	
Reversal of reserve for special depreciation and others								(0)	(183)	(30)		214		—	
Dividends from surplus (Note)												(12,785)		(12,785)	
Dividends from surplus												(8,522)		(8,522)	
Net income												55,352		55,352	
Acquisition of treasury stock													(13,839)	(13,839)	
Disposal of treasury stock			11										18	30	
Net changes in items other than shareholders' equity															
Total changes in the period	—	—	11	—	22,000	4,000	18,000	(0)	(415)	946	744	(11,231)	(13,820)	20,235	
Balance as of March 31,2007	139,595	93,107	31	46,487	148,400	77,200	193,900	0	73	2,175	744	126,189	(91,142)	736,761	

	Valuation and translation adjustments		Total net assets
	Unrealized gains on investments, net of tax	Deferred hedge gains(losses), net of tax	
Balance as of March 31,2006	1,289,897	—	2,006,423
Changes in the period			
Provision for special reserve and others (Note)			—
Reversal of reserve for special depreciation and others (Note)			—
Provision for reserve for anticipated advanced depreciation and others			—
Reversal of reserve for special depreciation and others			—
Dividends from surplus (Note)			(12,785)
Dividends from surplus			(8,522)
Net income			55,352
Acquisition of treasury stock			(13,839)
Disposal of treasury stock			30
Net changes in items other than shareholders' equity	105,802	(4,577)	101,225
Total changes in the period	105,802	(4,577)	121,460
Balance as of March 31,2007	1,395,700	(4,577)	2,127,884

(Note) This figure is the item about appropriation of profit approved at the ordinary general meeting of shareholders held in June 2006.

	Shareholders' equity														
	Common stock	Capital surplus			Legal earned reserve	Retained earnings								Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Special reserve		Other retained earnings									
						Reserve for dividends	Special reserve for policyholders	Reserve for overseas investment loss	Reserve for special depreciation	Reserve for advanced depreciation	Reserve for anticipated advanced depreciation	Unappropriated retained earnings			
Balance as of March 31,2007	139,595	93,107	31	46,487	148,400	77,200	193,900	0	73	2,175	744	126,189	(91,142)	736,761	
Changes in the period															
Provision for special reserve					35,000							(35,000)		—	
Provision for reserve for advanced depreciation										5,305		(5,305)		—	
Reversal of reserve for anticipated advanced depreciation and others								(0)	(73)	(28)	(744)	846		—	
Dividends from surplus												(21,166)		(21,166)	
Net income												38,365		38,365	
Acquisition of treasury stock													(7,629)	(7,629)	
Disposal of treasury stock				19									63	82	
Cancellation of treasury stock			(50)									(98,657)	98,707	—	
Net changes in items other than shareholders' equity															
Total changes in the period	—	—	(31)	—	35,000	—	—	(0)	(73)	5,277	(744)	(120,917)	91,142	9,653	
Balance as of March 31,2008	139,595	93,107	—	46,487	183,400	77,200	193,900	0	—	7,452	—	5,271	—	746,414	

	Valuation and translation adjustments		Total net assets
	Unrealized gains on investments, net of tax	Deferred hedge gains(losses), net of tax	
Balance as of March 31,2007	1,395,700	(4,577)	2,127,884
Changes in the period			
Provision for special reserve			—
Provision for reserve for advanced depreciation			—
Reversal of reserve for anticipated advanced depreciation and others			—
Dividends from surplus			(21,166)
Net income			38,365
Acquisition of treasury stock			(7,629)
Disposal of treasury stock			82
Cancellation of treasury stock			—
Net changes in items other than shareholders' equity	(533,578)	5,105	(528,473)
Total changes in the period	(533,578)	5,105	(518,819)
Balance as of March 31,2008	862,121	528	1,609,065