

[Translation]

**SUMMARY OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007**



May 23, 2007

Name of Listed Company: **Mitsui Sumitomo Insurance Company, Limited**  
 Securities Code No.: 8752  
 Stock Exchanges: Tokyo, Osaka, Nagoya  
 URL: http://www.ms-ins.com  
 Representative: Toshiaki Egashira, President  
 Contact: Hiroyuki Hata, Assistant General Manager, Financial Accounting Section, Accounting Department  
 Telephone : (03)-3297-6648  
 Date of Ordinary General Meeting of Shareholders: June 27, 2007  
 Date of filing of Financial Report: June 27, 2007  
 Date of payment of year-end dividends: June 28, 2007

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

**1. Consolidated Business Results for the year ended March 31, 2007 (April 1, 2006 to March 31, 2007)**

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

|                           | Ordinary income |       | Ordinary profit |          | Net income |          |
|---------------------------|-----------------|-------|-----------------|----------|------------|----------|
| Year ended March 31, 2007 | 2,117,072       | 0.5 % | 91,684          | (28.2) % | 60,796     | (15.2) % |
| Year ended March 31, 2006 | 2,106,874       | 4.2 % | 127,710         | 45.8 %   | 71,660     | 9.0 %    |

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, 2007 | 42.82                | -                             | 2.9 %            | 1.0 %                           | 4.3 %                              |
| Year ended March 31, 2006 | 50.27                | -                             | 4.1 %            | 1.6 %                           | 6.1 %                              |

(Note) Equity in net gains(losses) of affiliates: ¥(2,677) million for the year ended March 31, 2007  
 ¥(2,060) million for the year ended March 31, 2006

**(2) Consolidated Financial Conditions** (Yen in millions)

|                      | Total assets | Net assets | Equity ratio | Net assets per share (Yen) |
|----------------------|--------------|------------|--------------|----------------------------|
| As of March 31, 2007 | 9,011,652    | 2,182,877  | 24.1 %       | 1,536.71                   |
| As of March 31, 2006 | 8,592,873    | 2,027,469  | 23.6 %       | 1,427.17                   |

(Note) Equity: As of March 31, 2007: ¥2,168,615 million As of March 31, 2006: —

**(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 fiscal year |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Year ended March 31, 2007 | 227,417                              | (220,522)                            | (37,358)                             | 365,350   |
| Year ended March 31, 2006 | 313,007                              | (264,352)                            | (33,580)                             | 386,179   |

**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, 2006             | 4.00                     | 9.00      | 13.00  | 18,469                                   | 25.9%                                 | 1.1%                                   |
| Year ended March 31, 2007             | 6.00                     | 8.00      | 14.00  | 19,812                                   | 32.7%                                 | 0.9%                                   |
| Year ending March 31, 2008 (Forecast) | 7.00                     | 7.00      | 14.00  |  | 32.4%                                 |  |

**3. Forecast for the current period (April 1, 2007 to March 31, 2008)-Consolidated** (Yen in millions)

|                                      | Ordinary Income |       | Ordinary profit |       | Net income |       | Net income per share (Yen) |
|--------------------------------------|-----------------|-------|-----------------|-------|------------|-------|----------------------------|
| Six months ending September 30, 2007 | 1,070,000       | 0.0 % | 53,000          | 1.4 % | 35,000     | 0.6 % | 24.80                      |
| Year ending March 31, 2008           | 2,120,000       | 0.1 % | 94,000          | 2.5 % | 61,000     | 0.3 % | 43.22                      |

Percent figures represent changes from the preceding fiscal year.

#### 4. Other information

(1) Change in consolidated subsidiaries: Yes

Increase 1 (Mitsui Direct General Insurance Company, Limited) Decrease 0

(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: None

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

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

As of March 31, 2007: 1,513,184,880 shares As of March 31, 2006: 1,513,184,880 shares

2. The number of treasury stock

As of March 31, 2007: 101,982,776 shares As of March 31, 2006: 92,563,719 shares

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

##### 1. Non-consolidated Business Results for the year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

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

(Yen in millions)

|                           | Net premiums written |           | Ordinary profit |          | Net income |          |
|---------------------------|----------------------|-----------|-----------------|----------|------------|----------|
| Year ended March 31, 2007 | * 1,324,432          | * (1.0) % | 80,158          | (30.6) % | 55,352     | (14.6) % |
|                           | 1,325,011            | (0.6) %   |                 |          |            |          |
| Year ended March 31, 2006 | * 1,338,444          | * 2.2 %   | 115,489         | 45.5 %   | 64,842     | 6.7 %    |
|                           | 1,332,837            | 1.4 %     |                 |          |            |          |

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, 2007 | 38.98                | -                             | 2.7 %            | * 63.1 %       | * 30.8 %          |
|                           |                      |                               |                  | 63.1 %         | 30.8 %            |
| Year ended March 31, 2006 | 45.49                | -                             | 3.7 %            | * 59.7 %       | * 30.8 %          |
|                           |                      |                               |                  | 59.9 %         | 30.9 %            |

○ 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 operating expenses 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 | Equity ratio | Net assets per share (Yen) |
|----------------------|--------------|------------|--------------|----------------------------|
| As of March 31, 2007 | 7,744,782    | 2,127,884  | 27.5 %       | 1,507.85                   |
| As of March 31, 2006 | 7,537,443    | 2,006,423  | 26.6 %       | 1,412.35                   |

(Note) Equity: As of March 31, 2007: ¥2,127,884 million As of March 31, 2006: —

##### 2. Forecast of the current period (April 1, 2007 to March 31, 2008)

(Yen in millions)

|                                      | Net premiums written |           | Ordinary profit |       | Net income |       | Net income per share (Yen) |
|--------------------------------------|----------------------|-----------|-----------------|-------|------------|-------|----------------------------|
| Six months ending September 30, 2007 | * 664,000            | * (0.3) % | 49,500          | 0.8 % | 34,000     | 0.4 % | 24.09                      |
|                                      | 666,000              | 0.0 %     |                 |       |            |       |                            |
| Year ending March 31, 2008           | * 1,315,000          | * (0.7) % | 83,500          | 4.2 % | 56,000     | 1.2 % | 39.68                      |
|                                      | 1,320,000            | (0.4) %   |                 |       |            |       |                            |

Percent figures represent changes from the preceding fiscal year.

\* 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.

The forecasted values above were calculated based upon currently available information and contain many elements of uncertainty. Actual results may differ from the above forecasted values due to changes in the business environment.

## Summary of Consolidated Results of Operations

(Yen in millions)

| Item  | FY2005           | FY2006           | Increase<br>(decrease) | Change<br>%    |
|---|------------------|------------------|------------------------|----------------|
| <b>Ordinary Income and Expenses:</b>                              |                  |                  |                        |                |
| <b>Underwriting income:</b>                                       | <b>1,938,445</b> | <b>1,947,162</b> | <b>8,716</b>           | <b>0.4</b>     |
| Net premiums written  | 1,464,107        | 1,492,808        | 28,700                 | 2.0            |
| Deposit premiums from policyholders                               | 249,760          | 224,676          | (25,083)               | (10.0)         |
| Life insurance premiums   | 162,225          | 165,363          | 3,138                  | 1.9            |
| <b>Underwriting expenses:</b>                                     | <b>1,710,618</b> | <b>1,738,755</b> | <b>28,137</b>          | <b>1.6</b>     |
| Net claims paid   | 792,941          | 846,445          | 53,504                 | 6.7            |
| Loss adjustment expenses  | 63,097           | 69,968           | 6,870                  | 10.9           |
| Commission and collection expenses                                | 257,671          | 257,658          | (12)                   | (0.0)          |
| Maturity refunds to policyholders                                 | 363,976          | 340,660          | (23,315)               | (6.4)          |
| Life insurance claims   | 20,911           | 24,849           | 3,937                  | 18.8           |
| <b>Investment income :</b>  | <b>159,857</b>   | <b>165,224</b>   | <b>5,367</b>           | <b>3.4</b>     |
| Interest and dividends received                                   | 160,055          | 179,081          | 19,025                 | 11.9           |
| Gains on sale of securities                                       | 49,510           | 32,815           | (16,694)               | (33.7)         |
| <b>Investment expenses :</b>                                      | <b>15,484</b>    | <b>16,692</b>    | <b>1,208</b>           | <b>7.8</b>     |
| Losses on sale of securities                                      | 3,859            | 6,018            | 2,159                  | 56.0           |
| Losses on devaluation of securities                               | 3,812            | 6,038            | 2,225                  | 58.4           |
| <b>Operating expenses and general and administrative expenses</b> | <b>247,345</b>   | <b>262,989</b>   | <b>15,644</b>          | <b>6.3</b>     |
| <b>Other ordinary income and expenses</b>                         | <b>2,855</b>     | <b>(2,265)</b>   | <b>(5,120)</b>         | <b>(179.3)</b> |
| <b>Ordinary profit</b>  | <b>127,710</b>   | <b>91,684</b>    | <b>(36,026)</b>        | <b>(28.2)</b>  |
| <b>Extraordinary Income and Losses:</b>                           |                  |                  |                        |                |
| Extraordinary income  | 8,625            | 4,303            | (4,321)                | (50.1)         |
| Extraordinary losses  | 31,407           | 8,074            | (23,333)               | (74.3)         |
| <b>Extraordinary income and losses</b>                            | <b>(22,782)</b>  | <b>(3,770)</b>   | <b>19,011</b>          | <b>-</b>       |
| Income before income taxes  | 104,927          | 87,913           | (17,014)               | (16.2)         |
| Income taxes - current  | 36,023           | 43,664           | 7,641                  | 21.2           |
| Income taxes - deferred   | (4,197)          | (17,529)         | (13,332)               | -              |
| Minority interests  | 1,441            | 983              | (458)                  | (31.8)         |
| <b>Net income</b>   | <b>71,660</b>    | <b>60,796</b>    | <b>(10,863)</b>        | <b>(15.2)</b>  |

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

|                      |           |           |        |     |
|----------------------|-----------|-----------|--------|-----|
| Net premiums written | 1,469,714 | 1,492,229 | 22,514 | 1.5 |
|----------------------|-----------|-----------|--------|-----|

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

Consolidated

(Yen in millions)

| Lines of Insurance                  | FY2005           |            |              | FY2006           |            |              |
|-------------------------------------|------------------|------------|--------------|------------------|------------|--------------|
|                                     | Amount           | Change %   | Share %      | Amount           | Change %   | Share %      |
| Fire                                | 304,176          | 7.9        | 17.0         | 301,692          | (0.8)      | 16.7         |
| Marine                              | 101,461          | 19.5       | 5.7          | 113,005          | 11.4       | 6.3          |
| Personal Accident                   | 341,536          | (3.7)      | 19.0         | 327,518          | (4.1)      | 18.1         |
| Voluntary Automobile                | 595,744          | 1.6        | 33.2         | 611,148          | 2.6        | 33.8         |
| Compulsory Automobile Liability     | 181,757          | (2.9)      | 10.1         | 176,826          | (2.7)      | 9.8          |
| Other                               | 269,307          | 5.8        | 15.0         | 276,517          | 2.7        | 15.3         |
| <b>Total</b>                        | <b>1,793,984</b> | <b>2.6</b> | <b>100.0</b> | <b>1,806,708</b> | <b>0.7</b> | <b>100.0</b> |
| Deposit premiums from policyholders | 249,760          | (8.4)      | 13.9         | 224,676          | (10.0)     | 12.4         |

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

|                      |                  |            |   |                  |            |   |
|----------------------|------------------|------------|---|------------------|------------|---|
| Voluntary Automobile | 601,351          | 3.3        | / | 610,568          | 1.5        | / |
| <b>Total</b>         | <b>1,799,591</b> | <b>3.1</b> | / | <b>1,806,129</b> | <b>0.4</b> | / |

**Net Premiums by Lines of Insurance**

(Yen in millions)

| Lines of Insurance              | FY2005           |            |              | FY2006           |            |              |
|---------------------------------|------------------|------------|--------------|------------------|------------|--------------|
|                                 | Amount           | Change %   | Share %      | Amount           | Change %   | Share %      |
| Fire                            | 206,373          | 9.3        | 14.1         | 208,951          | 1.2        | 14.0         |
| Marine                          | 84,788           | 18.0       | 5.8          | 95,486           | 12.6       | 6.4          |
| Personal Accident               | 143,316          | 8.7        | 9.8          | 139,531          | (2.6)      | 9.3          |
| Voluntary Automobile            | 590,422          | 1.0        | 40.3         | 601,353          | 1.9        | 40.3         |
| Compulsory Automobile Liability | 193,402          | (1.2)      | 13.2         | 192,087          | (0.7)      | 12.9         |
| Other                           | 245,805          | 4.9        | 16.8         | 255,398          | 3.9        | 17.1         |
| <b>Total</b>                    | <b>1,464,107</b> | <b>4.0</b> | <b>100.0</b> | <b>1,492,808</b> | <b>2.0</b> | <b>100.0</b> |

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

|                      |                  |            |   |                  |            |   |
|----------------------|------------------|------------|---|------------------|------------|---|
| Voluntary Automobile | 596,028          | 2.7        | / | 600,774          | 0.8        | / |
| <b>Total</b>         | <b>1,469,714</b> | <b>4.7</b> | / | <b>1,492,229</b> | <b>1.5</b> | / |

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

| Lines of Insurance              | FY2005         |              |              | FY2006         |            |              |
|---------------------------------|----------------|--------------|--------------|----------------|------------|--------------|
|                                 | Amount         | Change %     | Share %      | Amount         | Change %   | Share %      |
| Fire                            | 88,202         | (36.9)       | 11.1         | 100,229        | 13.6       | 11.9         |
| Marine                          | 35,175         | 26.6         | 4.4          | 38,684         | 10.0       | 4.6          |
| Personal Accident               | 56,049         | 5.3          | 7.1          | 62,908         | 12.2       | 7.4          |
| Voluntary Automobile            | 364,207        | 2.8          | 45.9         | 375,298        | 3.0        | 44.3         |
| Compulsory Automobile Liability | 130,517        | 15.5         | 16.5         | 134,908        | 3.4        | 15.9         |
| Other                           | 118,787        | (3.4)        | 15.0         | 134,415        | 13.2       | 15.9         |
| <b>Total</b>                    | <b>792,941</b> | <b>(2.2)</b> | <b>100.0</b> | <b>846,445</b> | <b>6.7</b> | <b>100.0</b> |

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

## Consolidated Balance Sheets

(Yen in millions, %)

| Item  | As of March 31, 2006 |               | As of March 31, 2007 |               | Increase<br>(decrease) |
|---|----------------------|---------------|----------------------|---------------|------------------------|
|   | Amount               | Share         | Amount               | Share         |                        |
| (Assets)  |                      |               |                      |               |                        |
| Cash deposits and savings   | 375,874              | 4.37          | 345,330              | 3.83          | (30,544)               |
| Call loans  | 18,000               | 0.21          | 41,600               | 0.46          | 23,600                 |
| Monetary claims bought  | 71,570               | 0.83          | 84,349               | 0.94          | 12,778                 |
| Money trusts  | 53,064               | 0.62          | 57,138               | 0.64          | 4,073                  |
| Investments in securities   | 6,576,008            | 76.53         | 6,949,578            | 77.12         | 373,570                |
| Loans   | 777,659              | 9.05          | 768,084              | 8.52          | (9,574)                |
| Property and equipment  | 257,693              | 3.00          | -                    | -             | (257,693)              |
| Tangible fixed assets   | -                    | -             | 261,267              | 2.90          | 261,267                |
| Intangible fixed assets   | -                    | -             | 87,955               | 0.98          | 87,955                 |
| Other assets  | 428,084              | 4.98          | 418,167              | 4.64          | (9,916)                |
| Deferred tax assets   | 6,633                | 0.08          | 4,802                | 0.05          | (1,831)                |
| Consolidated adjustments  | 38,925               | 0.45          | -                    | -             | (38,925)               |
| Customers' liabilities<br>under acceptances and guarantees                | 1,414                | 0.02          | 1,237                | 0.01          | (177)                  |
| Bad debts reserve   | (12,055)             | (0.14)        | (7,859)              | (0.09)        | 4,196                  |
| <b>Total assets</b>   | <b>8,592,873</b>     | <b>100.00</b> | <b>9,011,652</b>     | <b>100.00</b> | <b>418,779</b>         |
| (Liabilities)   |                      |               |                      |               |                        |
| Underwriting funds:   | 5,579,937            | 64.94         | 5,815,878            | 64.54         | 235,940                |
| Outstanding claims  | 726,003              |               | 820,714              |               | 94,710                 |
| Underwriting reserve  | 4,853,933            |               | 4,995,163            |               | 141,229                |
| Bonds issued  | 100,000              | 1.16          | 99,998               | 1.11          | (1)                    |
| Other liabilities   | 279,392              | 3.25          | 271,795              | 3.02          | (7,597)                |
| Reserve for pension and retirement benefits                               | 82,457               | 0.96          | 81,540               | 0.90          | (917)                  |
| Accrued bonuses for employees   | 13,526               | 0.16          | 13,468               | 0.15          | (57)                   |
| Reserve under the special law:  | 23,537               | 0.27          | 26,707               | 0.30          | 3,169                  |
| Reserve for price fluctuation   | 23,537               |               | 26,707               |               | 3,169                  |
| Deferred tax liabilities  | 477,915              | 5.56          | 518,149              | 5.75          | 40,233                 |
| Liabilities under acceptances<br>and guarantees                           | 1,414                | 0.02          | 1,237                | 0.01          | (177)                  |
| <b>Total liabilities</b>  | <b>6,558,183</b>     | <b>76.32</b>  | <b>6,828,775</b>     | <b>75.78</b>  | <b>270,592</b>         |
| (Minority interests)  |                      |               |                      |               |                        |
| <b>Minority interests</b>   | <b>7,221</b>         | <b>0.08</b>   | -                    | -             |                        |
| (Shareholders' equity)  |                      |               |                      |               |                        |
| Common stock  | 139,595              | 1.62          | -                    | -             |                        |
| Capital surplus   | 93,127               | 1.08          | -                    | -             |                        |
| Retained earnings   | 577,028              | 6.72          | -                    | -             |                        |
| Unrealized gains on investments, net of tax                               | 1,291,051            | 15.03         | -                    | -             |                        |
| Foreign currency translation adjustments                                  | 3,988                | 0.05          | -                    | -             |                        |
| Treasury stock  | (77,321)             | (0.90)        | -                    | -             |                        |
| <b>Total shareholders' equity</b>   | <b>2,027,469</b>     | <b>23.60</b>  | -                    | -             |                        |
| <b>Total liabilities, minority interests and<br/>shareholders' equity</b> | <b>8,592,873</b>     | <b>100.00</b> | -                    | -             |                        |
| (Net assets)  |                      |               |                      |               |                        |
| Stockholders' equity:   |                      |               |                      |               |                        |
| Common stock  | -                    | -             | 139,595              | 1.55          |                        |
| Capital surplus   | -                    | -             | 93,138               | 1.03          |                        |
| Retained earnings   | -                    | -             | 613,352              | 6.80          |                        |
| Treasury stock  | -                    | -             | (91,142)             | (1.01)        |                        |
| Total stockholders' equity  | -                    | -             | 754,943              | 8.37          |                        |
| Valuation and translation adjustments:                                    |                      |               |                      |               |                        |
| Unrealized gains on investments, net of tax                               | -                    | -             | 1,402,879            | 15.57         |                        |
| Deferred hedge gains(losses), net of tax                                  | -                    | -             | (4,577)              | (0.05)        |                        |
| Foreign currency translation adjustments                                  | -                    | -             | 15,368               | 0.17          |                        |
| Total valuation and translation adjustments                               | -                    | -             | 1,413,671            | 15.69         |                        |
| Minority interests  | -                    | -             | 14,261               | 0.16          |                        |
| <b>Total net assets</b>   | -                    | -             | <b>2,182,877</b>     | <b>24.22</b>  |                        |
| <b>Total liabilities and net assets</b>                                   | -                    | -             | <b>9,011,652</b>     | <b>100.00</b> |                        |

# Consolidated Statements of Income

(Yen in millions,%)

| Item  | FY2005           |               | FY2006           |               | Increase<br>(decrease) |
|---|------------------|---------------|------------------|---------------|------------------------|
|   | Amount           | Share         | Amount           | Share         |                        |
| <b>Ordinary income and expenses:</b>  |                  |               |                  |               |                        |
| <b>Ordinary income:</b>   | <b>2,106,874</b> | <b>100.00</b> | <b>2,117,072</b> | <b>100.00</b> | <b>10,198</b>          |
| <b>Underwriting income:</b>   | <b>1,938,445</b> | <b>92.00</b>  | <b>1,947,162</b> | <b>91.97</b>  | <b>8,716</b>           |
| Net premiums written  | 1,464,107        |               | 1,492,808        |               | 28,700                 |
| Deposit premiums from policyholders   | 249,760          |               | 224,676          |               | (25,083)               |
| Investment income on deposit premiums from policyholders                        | 57,758           |               | 57,322           |               | (436)                  |
| Life insurance premiums   | 162,225          |               | 165,363          |               | 3,138                  |
| Other underwriting income   | 4,592            |               | 6,991            |               | 2,399                  |
| <b>Investment income:</b>   | <b>159,857</b>   | <b>7.59</b>   | <b>165,224</b>   | <b>7.81</b>   | <b>5,367</b>           |
| Interest and dividends received   | 160,055          |               | 179,081          |               | 19,025                 |
| Investment gains on money trusts  | 539              |               | 952              |               | 413                    |
| Gains on sale of securities   | 49,510           |               | 32,815           |               | (16,694)               |
| Gains on redemption of securities   | 5,257            |               | 7,909            |               | 2,651                  |
| Other investment income   | 2,253            |               | 1,787            |               | (465)                  |
| Transfer of investment income on deposit premiums from policyholders            | (57,758)         |               | (57,322)         |               | 436                    |
| <b>Other ordinary income</b>  | <b>8,571</b>     | <b>0.41</b>   | <b>4,685</b>     | <b>0.22</b>   | <b>(3,885)</b>         |
| <b>Ordinary expenses:</b>   | <b>1,979,164</b> | <b>93.94</b>  | <b>2,025,388</b> | <b>95.67</b>  | <b>46,224</b>          |
| <b>Underwriting expenses:</b>   | <b>1,710,618</b> | <b>81.19</b>  | <b>1,738,755</b> | <b>82.13</b>  | <b>28,137</b>          |
| Net claims paid   | 792,941          |               | 846,445          |               | 53,504                 |
| Loss adjustment expenses  | 63,097           |               | 69,968           |               | 6,870                  |
| Commission and collection expenses  | 257,671          |               | 257,658          |               | (12)                   |
| Maturity refunds to policyholders   | 363,976          |               | 340,660          |               | (23,315)               |
| Dividends to policyholders  | 113              |               | 57               |               | (55)                   |
| Life insurance claims   | 20,911           |               | 24,849           |               | 3,937                  |
| Provision for outstanding claims  | 79,825           |               | 75,783           |               | (4,042)                |
| Provision for underwriting reserve  | 131,042          |               | 121,044          |               | (9,997)                |
| Other underwriting expenses   | 1,039            |               | 2,286            |               | 1,246                  |
| <b>Investment expenses:</b>   | <b>15,484</b>    | <b>0.74</b>   | <b>16,692</b>    | <b>0.79</b>   | <b>1,208</b>           |
| Investment losses on money trusts   | 646              |               | -                |               | (646)                  |
| Losses on sale of securities  | 3,859            |               | 6,018            |               | 2,159                  |
| Losses on devaluation of securities   | 3,812            |               | 6,038            |               | 2,225                  |
| Losses on redemption of securities  | 227              |               | 192              |               | (35)                   |
| Losses on derivative transactions   | 2,244            |               | 652              |               | (1,592)                |
| Other investment expenses   | 4,692            |               | 3,790            |               | (902)                  |
| <b>Operating expenses and general and administrative expenses</b>               | <b>247,345</b>   | <b>11.74</b>  | <b>262,989</b>   | <b>12.42</b>  | <b>15,644</b>          |
| <b>Other ordinary expenses:</b>   | <b>5,716</b>     | <b>0.27</b>   | <b>6,951</b>     | <b>0.33</b>   | <b>1,234</b>           |
| Interest paid   | 753              |               | 829              |               | 75                     |
| Loss on bad debts   | 75               |               | 37               |               | (38)                   |
| Amortization of deferred assets under Article 113 of the Insurance Business Law | 396              |               | -                |               | (396)                  |
| Equity in losses of affiliates  | 2,060            |               | 2,677            |               | 617                    |
| Other ordinary expenses   | 2,429            |               | 3,406            |               | 977                    |
| <b>Ordinary profit</b>  | <b>127,710</b>   | <b>6.06</b>   | <b>91,684</b>    | <b>4.33</b>   | <b>(36,026)</b>        |
| <b>Extraordinary income and losses:</b>   |                  |               |                  |               |                        |
| <b>Extraordinary income:</b>  | <b>8,625</b>     | <b>0.41</b>   | <b>4,303</b>     | <b>0.20</b>   | <b>(4,321)</b>         |
| Gains on sale of property and equipment   | 2,220            |               | -                |               | (2,220)                |
| Gains on sale of fixed assets   | -                |               | 1,984            |               | 1,984                  |
| Other extraordinary income  | 6,404            |               | 2,318            |               | (4,086)                |
| <b>Extraordinary losses:</b>  | <b>31,407</b>    | <b>1.49</b>   | <b>8,074</b>     | <b>0.38</b>   | <b>(23,333)</b>        |
| Losses on sale of property and equipment  | 3,931            |               | -                |               | (3,931)                |
| Losses on sales of fixed assets   | -                |               | 2,079            |               | 2,079                  |
| Impairment loss on fixed assets   | 909              |               | 491              |               | (417)                  |
| Provision for reserve under the special law                                     | 3,075            |               | 3,167            |               | 91                     |
| Provision for price fluctuation reserve   | 3,075            |               | 3,167            |               | 91                     |
| Other extraordinary losses  | 23,491           |               | 2,335            |               | (21,155)               |
| Income before income taxes  | 104,927          | 4.98          | 87,913           | 4.15          | (17,014)               |
| Income taxes - current  | 36,023           | 1.71          | 43,664           | 2.06          | 7,641                  |
| Income taxes - deferred   | (4,197)          | (0.20)        | (17,529)         | (0.83)        | (13,332)               |
| Minority Interests  | 1,441            | 0.07          | 983              | 0.05          | (458)                  |
| <b>Net income</b>   | <b>71,660</b>    | <b>3.40</b>   | <b>60,796</b>    | <b>2.87</b>   | <b>(10,863)</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 stockholders' 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 stockholders' 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 Statements of Cash Flows

(Yen in millions)

| Item  | FY2005           | FY2006           | Increase<br>(decrease) |
|---|------------------|------------------|------------------------|
| <b>I . Cash flows from operating activities:</b>                          |                  |                  |                        |
| Income before income taxes  | 104,927          | 87,913           | (17,014)               |
| Depreciation  | 16,290           | 16,631           | 340                    |
| Impairment loss on fixed assets   | 909              | 491              | (417)                  |
| Amortization of excess of cost of investment over underlying net assets   | 1,444            | -                | (1,444)                |
| Amortization of goodwill  | -                | 2,052            | 2,052                  |
| Amortization of negative goodwill   | -                | (8)              | (8)                    |
| Increase(decrease) in outstanding claims                                  | 79,825           | 75,783           | (4,042)                |
| Increase(decrease) in underwriting reserve                                | 152,555          | 118,445          | (34,109)               |
| Increase(decrease) in bad debts reserve                                   | (7,445)          | (5,018)          | 2,426                  |
| Increase(decrease) in reserve for pension and retirement benefits         | (5,102)          | (983)            | 4,119                  |
| Increase(decrease) in accrued bonuses for employees                       | (935)            | (343)            | 591                    |
| Increase(decrease) in reserve for EXPO 2005 Aichi                         | (140)            | -                | 140                    |
| Increase(decrease) in reserve for price fluctuation                       | 3,075            | 3,167            | 91                     |
| Interest and dividend income  | (160,055)        | (179,081)        | (19,025)               |
| Losses(gains) on investment in securities                                 | (47,366)         | (28,730)         | 18,635                 |
| Interest expenses   | 753              | 829              | 75                     |
| Foreign exchange losses(gains)  | (546)            | 1,526            | 2,073                  |
| Losses(gains) on disposal of property and equipment                       | 1,114            | -                | (1,114)                |
| Losses(gains) on disposal of tangible fixed assets                        | -                | (266)            | (266)                  |
| Equity in losses(gains) of affiliates                                     | 2,060            | 2,677            | 617                    |
| Proceeds from property and equipment as subrogation of paid claim         | 898              | -                | (898)                  |
| Decrease(increase) in other assets  | 21,137           | (13,621)         | (34,758)               |
| Increase(decrease) in other liabilities                                   | (8,561)          | 14,853           | 23,415                 |
| Others  | 7,719            | 7,295            | (423)                  |
| <b>Subtotal</b>   | <b>162,558</b>   | <b>103,614</b>   | <b>(58,944)</b>        |
| Interest and dividends received   | 160,058          | 176,459          | 16,400                 |
| Interest paid   | (810)            | (795)            | 14                     |
| Income tax paid   | (14,876)         | (51,861)         | (36,985)               |
| Income tax refunded   | 6,076            | -                | (6,076)                |
| <b>Net cash provided by operating activities</b>                          | <b>313,007</b>   | <b>227,417</b>   | <b>(85,590)</b>        |
| <b>II . Cash flows from investing activities:</b>                         |                  |                  |                        |
| Net increase(decrease) in deposit at banks                                | (3,347)          | (5,410)          | (2,063)                |
| Purchase of monetary claims bought  | (26,511)         | (22,323)         | 4,187                  |
| Proceeds from sales and redemption of monetary claims bought              | 7,254            | 2,299            | (4,955)                |
| Purchase of money trusts  | (5,000)          | (15,000)         | (10,000)               |
| Proceeds from sales of money trusts                                       | 7,938            | 14,179           | 6,241                  |
| Purchase of securities  | (1,178,588)      | (918,030)        | 260,558                |
| Proceeds from sales and redemption of securities                          | 933,941          | 764,441          | (169,500)              |
| Investment in loans   | (278,085)        | (260,617)        | 17,467                 |
| Collection of loans   | 283,026          | 267,783          | (15,242)               |
| Increase(decrease) in cash received under securities lending transactions | 26,175           | (20,429)         | (46,604)               |
| Others  | (6,487)          | (1,444)          | 5,043                  |
| <b>II ① Subtotal</b>  | <b>(239,683)</b> | <b>(194,551)</b> | <b>45,131</b>          |
| <b>(I + II ①)</b>   | <b>73,323</b>    | <b>32,865</b>    | <b>(40,458)</b>        |
| Acquisition of property and equipment                                     | (19,259)         | -                | 19,259                 |
| Proceeds from sales of property and equipment                             | 5,397            | -                | (5,397)                |
| Acquisition of tangible fixed assets                                      | -                | (23,848)         | (23,848)               |
| Proceeds from sales of tangible fixed assets                              | -                | 5,193            | 5,193                  |
| Cash paid on acquisition, net of cash and cash equivalents acquired       | (10,807)         | (7,337)          | 3,469                  |
| Others  | -                | 21               | 21                     |
| <b>Net cash provided by (used in) investing activities</b>                | <b>(264,352)</b> | <b>(220,522)</b> | <b>43,829</b>          |
| <b>III . Cash flows from financing activities:</b>                        |                  |                  |                        |
| Acquisition of treasury stock   | (12,831)         | (13,839)         | (1,008)                |
| Cash dividends paid   | (19,280)         | (21,308)         | (2,027)                |
| Cash dividends paid to minority stockholders                              | (483)            | (1,207)          | (724)                  |
| Others  | (985)            | (1,003)          | (17)                   |
| <b>Net cash provided by(used in) financing activities</b>                 | <b>(33,580)</b>  | <b>(37,358)</b>  | <b>(3,778)</b>         |
| <b>IV . Effect of exchange rate changes on cash and cash equivalents</b>  | <b>5,289</b>     | <b>9,634</b>     | <b>4,344</b>           |
| <b>V . Net change in cash and cash equivalents</b>                        | <b>20,364</b>    | <b>(20,829)</b>  | <b>(41,193)</b>        |
| <b>VI . Cash and cash equivalents at beginning of the year</b>            | <b>365,815</b>   | <b>386,179</b>   | <b>20,364</b>          |
| <b>VII . Cash and cash equivalents at end of the year</b>                 | <b>386,179</b>   | <b>365,350</b>   | <b>(20,829)</b>        |

## Summary of Non-consolidated Results of Operations

(Yen in millions)

|  | FY2005           | FY2006           | Increase<br>(decrease) | Change<br>%   |
|--|------------------|------------------|------------------------|---------------|
| <b>Direct premiums written<br/>(including Deposit premiums from policyholders)</b> | <b>1,625,842</b> | <b>1,592,753</b> | <b>(33,088)</b>        | <b>(2.0)</b>  |
| Direct premiums written  | 1,376,082        | 1,368,077        | (8,004)                | (0.6)         |
| <b>Ordinary income and expenses:</b>   |                  |                  |                        |               |
| <b>Underwriting income</b>   | <b>1,641,642</b> | <b>1,607,507</b> | <b>(34,134)</b>        | <b>(2.1)</b>  |
| Net premiums written   | 1,332,837        | 1,325,011        | (7,826)                | (0.6)         |
| Deposit premiums from policyholders  | 249,760          | 224,676          | (25,083)               | (10.0)        |
| <b>Underwriting expenses</b>   | <b>1,442,464</b> | <b>1,447,997</b> | <b>5,532</b>           | <b>0.4</b>    |
| Net claims paid  | 740,036          | 771,012          | 30,975                 | 4.2           |
| Loss adjustment expenses   | 58,377           | 65,363           | 6,985                  | 12.0          |
| Commission and collection expenses   | 218,792          | 213,074          | (5,717)                | (2.6)         |
| Maturity refunds to policyholders  | 363,976          | 340,660          | (23,315)               | (6.4)         |
| <b>Investment income</b>   | <b>134,319</b>   | <b>134,707</b>   | <b>387</b>             | <b>0.3</b>    |
| Interest and dividends received  | 136,903          | 151,243          | 14,340                 | 10.5          |
| Gains on sale of securities  | 48,143           | 30,893           | (17,249)               | (35.8)        |
| <b>Investment expenses</b>   | <b>19,755</b>    | <b>10,589</b>    | <b>(9,165)</b>         | <b>(46.4)</b> |
| Losses on sale of securities   | 3,104            | 3,559            | 454                    | 14.7          |
| Losses on devaluation of securities  | 10,182           | 4,131            | (6,051)                | (59.4)        |
| <b>Operating expenses and general and administrative expenses</b>                  | <b>206,579</b>   | <b>207,479</b>   | <b>899</b>             | <b>0.4</b>    |
| Those related to underwriting insurance  | 192,879          | 194,696          | 1,816                  | 0.9           |
| <b>Other ordinary income and expenses</b>  | <b>8,327</b>     | <b>4,009</b>     | <b>(4,317)</b>         | <b>(51.9)</b> |
| <b>Ordinary Profit</b>   | <b>115,489</b>   | <b>80,158</b>    | <b>(35,331)</b>        | <b>(30.6)</b> |
| Underwriting profit(loss)  | 5,343            | (34,723)         | (40,067)               | (749.8)       |
| <b>Extraordinary income and losses:</b>  |                  |                  |                        |               |
| Extraordinary income   | 8,509            | 3,689            | (4,820)                | (56.6)        |
| Extraordinary losses   | 31,203           | 7,873            | (23,330)               | (74.8)        |
| <b>Extraordinary income and losses</b>   | <b>(22,694)</b>  | <b>(4,184)</b>   | <b>18,510</b>          | <b>—</b>      |
| Income before income taxes   | 92,794           | 75,974           | (16,820)               | (18.1)        |
| Income taxes-current   | 31,572           | 37,786           | 6,213                  | 19.7          |
| Income taxes-deferred  | (3,620)          | (17,165)         | (13,544)               | —             |
| <b>Net income</b>  | <b>64,842</b>    | <b>55,352</b>    | <b>(9,489)</b>         | <b>(14.6)</b> |
| <b>Ratios:</b>   |                  |                  |                        |               |
| Net loss ratio   | 59.9%            | 63.1%            |                        |               |
| Net expense ratio  | 30.9%            | 30.8%            |                        |               |
| Yield on investment asset (income yield)   | 2.70%            | 2.92%            |                        |               |
| Yield on asset management (realized yield)   | 3.38%            | 3.50%            |                        |               |

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

|  |                  |                  |                 |              |
|--|------------------|------------------|-----------------|--------------|
| <b>Direct premiums written<br/>(including Deposit premiums from policyholders)</b> | <b>1,631,448</b> | <b>1,592,174</b> | <b>(39,273)</b> | <b>(2.4)</b> |
| Direct premiums written  | 1,381,688        | 1,367,498        | (14,190)        | (1.0)        |
| Net premiums written   | 1,338,444        | 1,324,432        | (14,011)        | (1.0)        |
| Net loss ratio   | 59.7%            | 63.1%            |                 |              |
| Net expense ratio  | 30.8%            | 30.8%            |                 |              |

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

15.59% for the fiscal year ended March 31, 2006, 4.83% for the fiscal year ended March 31, 2007)

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)

Non-consolidated

(Yen in millions)

| Lines of Insurance                    | FY2005           |            |              | FY2006           |              |              |
|---------------------------------------|------------------|------------|--------------|------------------|--------------|--------------|
|                                       | Amount           | Change %   | Share %      | Amount           | Change %     | Share %      |
| Fire                                  | 220,939          | 6.2        | 16.0         | 217,070          | (1.8)        | 15.9         |
| Marine                                | 74,490           | 11.1       | 5.4          | 80,570           | 8.2          | 5.9          |
| Personal Accident                     | 144,096          | 6.3        | 10.5         | 139,550          | (3.2)        | 10.2         |
| Voluntary Automobile                  | 565,256          | (1.3)      | 41.1         | 563,893          | (0.2)        | 41.2         |
| Compulsory Automobile Liability       | 181,757          | (2.9)      | 13.2         | 176,826          | (2.7)        | 12.9         |
| Other                                 | 189,543          | 3.9        | 13.8         | 190,166          | 0.3          | 13.9         |
| <b>Total</b>                          | <b>1,376,082</b> | <b>1.7</b> | <b>100.0</b> | <b>1,368,077</b> | <b>(0.6)</b> | <b>100.0</b> |
| (Deposit premiums from policyholders) | 249,760          | (8.4)      |              | 224,676          | (10.0)       |              |

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

|                      |                  |            |  |                  |              |  |
|----------------------|------------------|------------|--|------------------|--------------|--|
| Voluntary Automobile | 570,862          | 0.4        |  | 563,314          | (1.3)        |  |
| <b>Total</b>         | <b>1,381,688</b> | <b>2.4</b> |  | <b>1,367,498</b> | <b>(1.0)</b> |  |

**Net Premiums by Lines of Insurance**

(Yen in millions)

| Lines of Insurance              | FY2005           |            |              | FY2006           |              |              |
|---------------------------------|------------------|------------|--------------|------------------|--------------|--------------|
|                                 | Amount           | Change %   | Share %      | Amount           | Change %     | Share %      |
| Fire                            | 183,182          | 3.8        | 13.7         | 178,919          | (2.3)        | 13.5         |
| Marine                          | 66,069           | 9.4        | 5.0          | 70,217           | 6.3          | 5.3          |
| Personal Accident               | 138,770          | 5.9        | 10.4         | 133,847          | (3.5)        | 10.1         |
| Voluntary Automobile            | 565,014          | (1.3)      | 42.4         | 563,606          | (0.2)        | 42.5         |
| Compulsory Automobile Liability | 193,402          | (1.2)      | 14.5         | 192,087          | (0.7)        | 14.5         |
| Other                           | 186,398          | 4.4        | 14.0         | 186,334          | (0.0)        | 14.1         |
| <b>Total</b>                    | <b>1,332,837</b> | <b>1.4</b> | <b>100.0</b> | <b>1,325,011</b> | <b>(0.6)</b> | <b>100.0</b> |

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

|                      |                  |            |  |                  |              |  |
|----------------------|------------------|------------|--|------------------|--------------|--|
| Voluntary Automobile | 570,621          | 0.4        |  | 563,026          | (1.3)        |  |
| <b>Total</b>         | <b>1,338,444</b> | <b>2.2</b> |  | <b>1,324,432</b> | <b>(1.0)</b> |  |

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

| Lines of Insurance              | FY2005         |              |                  | FY2006         |            |                  |                 |
|---------------------------------|----------------|--------------|------------------|----------------|------------|------------------|-----------------|
|                                 | Amount         | Change %     | Net Loss Ratio % | Amount         | Change %   | Net Loss Ratio % | Change in L/R % |
| Fire                            | 78,634         | (41.8)       | 44.4             | 84,848         | 7.9        | 49.5             | 5.1             |
| Marine                          | 30,331         | 18.8         | 48.4             | 31,367         | 3.4        | 47.0             | (1.4)           |
| Personal Accident               | 54,115         | 2.5          | 42.1             | 60,749         | 12.3       | 50.3             | 8.2             |
| Voluntary Automobile            | 350,115        | 1.0          | 67.8             | 354,941        | 1.4        | 69.4             | 1.6             |
| Compulsory Automobile Liability | 130,517        | 15.5         | 73.3             | 134,908        | 3.4        | 76.0             | 2.7             |
| Other                           | 96,322         | (13.0)       | 54.5             | 104,196        | 8.2        | 59.1             | 4.6             |
| <b>Total</b>                    | <b>740,036</b> | <b>(5.6)</b> | <b>59.9</b>      | <b>771,012</b> | <b>4.2</b> | <b>63.1</b>      | <b>3.2</b>      |

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

|                      |                |              |             |                |            |             |            |
|----------------------|----------------|--------------|-------------|----------------|------------|-------------|------------|
| Voluntary Automobile | 350,115        | 1.0          | 67.2        | 354,941        | 1.4        | 69.5        | 2.3        |
| <b>Total</b>         | <b>740,036</b> | <b>(5.6)</b> | <b>59.7</b> | <b>771,012</b> | <b>4.2</b> | <b>63.1</b> | <b>3.4</b> |

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

## Non-consolidated Balance Sheets

(Yen in millions, %)

| Item   | As of March 31, 2006 |               | As of March 31, 2007 |               | Increase<br>(decrease) |
|--|----------------------|---------------|----------------------|---------------|------------------------|
|  | Amount               | Share         | Amount               | Share         |                        |
| (Assets)   |                      |               |                      |               |                        |
| <b>Cash deposits and savings:</b>                                  | <b>231,279</b>       | <b>3.07</b>   | <b>174,005</b>       | <b>2.25</b>   | <b>(57,274)</b>        |
| Cash on hand   | 904                  |               | 534                  |               |                        |
| Deposits in banks  | 230,375              |               | 173,470              |               |                        |
| <b>Call loans</b>  | <b>18,000</b>        | <b>0.24</b>   | <b>41,600</b>        | <b>0.54</b>   | <b>23,600</b>          |
| <b>Monetary claims bought</b>                                      | <b>71,570</b>        | <b>0.95</b>   | <b>75,368</b>        | <b>0.97</b>   | <b>3,797</b>           |
| <b>Money trusts</b>  | <b>52,521</b>        | <b>0.70</b>   | <b>56,598</b>        | <b>0.73</b>   | <b>4,077</b>           |
| <b>Investments in securities:</b>                                  | <b>5,853,348</b>     | <b>77.66</b>  | <b>6,098,553</b>     | <b>78.74</b>  | <b>245,205</b>         |
| Government bonds   | 236,958              |               | 276,376              |               |                        |
| Municipal bonds  | 173,691              |               | 142,210              |               |                        |
| Corporate bonds  | 1,333,469            |               | 1,361,663            |               |                        |
| Stocks   | 2,851,382            |               | 3,010,017            |               |                        |
| Foreign securities   | 1,133,843            |               | 1,194,662            |               |                        |
| Other securities   | 124,003              |               | 113,623              |               |                        |
| <b>Loans:</b>  | <b>756,061</b>       | <b>10.03</b>  | <b>746,188</b>       | <b>9.63</b>   | <b>(9,873)</b>         |
| Policy loans   | 16,884               |               | 16,492               |               |                        |
| General loans  | 739,177              |               | 729,695              |               |                        |
| <b>Property and equipment:</b>                                     | <b>240,901</b>       | <b>3.19</b>   | —                    | —             | <b>(240,901)</b>       |
| Land   | 87,499               |               | —                    |               |                        |
| Buildings  | 130,694              |               | —                    |               |                        |
| Equipment  | 18,140               |               | —                    |               |                        |
| Construction in progress   | 4,566                |               | —                    |               |                        |
| <b>Tangible fixed assets:</b>                                      | —                    | —             | <b>241,385</b>       | <b>3.12</b>   | <b>241,385</b>         |
| Land   | —                    |               | 86,355               |               |                        |
| Buildings  | —                    |               | 123,690              |               |                        |
| Construction in progress   | —                    |               | 10,713               |               |                        |
| Other tangible assets  | —                    |               | 20,624               |               |                        |
| <b>Intangible fixed assets:</b>                                    | —                    | —             | <b>3,064</b>         | <b>0.04</b>   | <b>3,064</b>           |
| <b>Other assets:</b>   | <b>311,844</b>       | <b>4.14</b>   | <b>304,525</b>       | <b>3.93</b>   | <b>(7,318)</b>         |
| Premiums receivable  | 2,296                |               | 2,825                |               |                        |
| Due to agents  | 59,907               |               | 58,607               |               |                        |
| Due to foreign agents  | 1,308                |               | 1,060                |               |                        |
| Co-insurance business receivable                                   | 7,674                |               | 7,769                |               |                        |
| Reinsurance business receivable                                    | 53,298               |               | 50,716               |               |                        |
| Foreign reinsurance business receivable                            | 19,330               |               | 21,334               |               |                        |
| Agent business receivable  | 993                  |               | 969                  |               |                        |
| Other receivable   | 14,700               |               | 12,680               |               |                        |
| Accrued income   | 17,560               |               | 17,574               |               |                        |
| Deposits received  | 24,034               |               | 20,963               |               |                        |
| Deposits with the Japan Earthquake<br>Reinsurance Company          | 60,996               |               | 64,910               |               |                        |
| Suspense payments  | 32,919               |               | 37,928               |               |                        |
| Assets related to derivative transactions                          | 6,229                |               | 6,494                |               |                        |
| Deferred losses on hedge accounting<br>for derivatives             | 8,222                |               | —                    |               |                        |
| Other assets   | 2,370                |               | 690                  |               |                        |
| <b>Customers' liabilities under acceptances<br/>and guarantees</b> | <b>12,114</b>        | <b>0.16</b>   | <b>9,275</b>         | <b>0.12</b>   | <b>(2,839)</b>         |
| <b>Bad debts reserve</b>   | <b>(10,199)</b>      | <b>(0.14)</b> | <b>(5,782)</b>       | <b>(0.07)</b> | <b>4,417</b>           |
| <b>Total assets</b>  | <b>7,537,443</b>     | <b>100.00</b> | <b>7,744,782</b>     | <b>100.00</b> | <b>207,339</b>         |

## Non-consolidated Balance Sheets

(Yen in millions, %)

| Item   | As of March 31, 2006 |               | As of March 31, 2007 |               | Increase<br>(decrease) |
|--|----------------------|---------------|----------------------|---------------|------------------------|
|  | Amount               | Share         | Amount               | Share         |                        |
| (Liabilities)  |                      |               |                      |               |                        |
| <b>Underwriting funds:</b>                             | <b>4,604,030</b>     | <b>61.08</b>  | <b>4,661,578</b>     | <b>60.19</b>  | <b>57,548</b>          |
| Outstanding claims                                     | 541,597              |               | 599,156              |               |                        |
| Underwriting reserve                                   | 4,062,432            |               | 4,062,421            |               |                        |
| <b>Bonds issued</b>                                    | <b>100,000</b>       | <b>1.33</b>   | <b>99,998</b>        | <b>1.29</b>   | <b>(1)</b>             |
| <b>Other liabilities:</b>                              | <b>223,251</b>       | <b>2.96</b>   | <b>212,215</b>       | <b>2.74</b>   | <b>(11,035)</b>        |
| Co-insurance business payable                          | 9,142                |               | 9,563                |               |                        |
| Reinsurance business payable                           | 52,737               |               | 50,310               |               |                        |
| Foreign reinsurance business payable                   | 18,297               |               | 20,446               |               |                        |
| Agent business payable                                 | 148                  |               | 86                   |               |                        |
| Payable under securities lending transactions          | 49,705               |               | 29,275               |               |                        |
| Income taxes payable                                   | 22,619               |               | 15,447               |               |                        |
| Deposits received                                      | 15,807               |               | 17,182               |               |                        |
| Advance received                                       | 233                  |               | 191                  |               |                        |
| Other payable  | 16,782               |               | 27,583               |               |                        |
| Suspense receipts                                      | 23,979               |               | 28,387               |               |                        |
| Liabilities related to derivative transactions         | 12,296               |               | 12,345               |               |                        |
| Deferred profit on hedge accounting<br>for derivatives | 60                   |               | —                    |               |                        |
| Other liabilities                                      | 1,441                |               | 1,395                |               |                        |
| <b>Reserve for pension and retirement benefits</b>     | <b>79,161</b>        | <b>1.05</b>   | <b>78,813</b>        | <b>1.02</b>   | <b>(347)</b>           |
| <b>Accrued bonuses for employees</b>                   | <b>11,256</b>        | <b>0.15</b>   | <b>10,805</b>        | <b>0.14</b>   | <b>(451)</b>           |
| <b>Reserve under the special law:</b>                  | <b>22,790</b>        | <b>0.30</b>   | <b>25,774</b>        | <b>0.33</b>   | <b>2,983</b>           |
| Reserve for price fluctuation                          | 22,790               |               | 25,774               |               |                        |
| <b>Deferred tax liabilities</b>                        | <b>478,415</b>       | <b>6.35</b>   | <b>518,437</b>       | <b>6.69</b>   | <b>40,021</b>          |
| <b>Liabilities under acceptances and guarantees</b>    | <b>12,114</b>        | <b>0.16</b>   | <b>9,275</b>         | <b>0.12</b>   | <b>(2,839)</b>         |
| <b>Total Liabilities</b>                               | <b>5,531,019</b>     | <b>73.38</b>  | <b>5,616,897</b>     | <b>72.52</b>  | <b>85,878</b>          |
| (Shareholders' Equity)                                 |                      |               |                      |               |                        |
| <b>Common stock</b>                                    | <b>139,595</b>       | <b>1.85</b>   | —                    | —             |                        |
| <b>Capital surplus</b>                                 | <b>93,127</b>        | <b>1.24</b>   | —                    | —             |                        |
| Additional paid-in capital                             | 93,107               |               | —                    | —             |                        |
| Other capital surplus                                  | 19                   |               | —                    | —             |                        |
| Gains on disposal of treasury stock                    | 19                   |               | —                    | —             |                        |
| <b>Retained earnings</b>                               | <b>561,125</b>       | <b>7.45</b>   | —                    | —             |                        |
| Legal earned reserve                                   | 46,487               |               | —                    | —             |                        |
| Appropriated retained earnings                         | 377,217              |               | —                    | —             |                        |
| Special reserve  | 126,400              |               | —                    | —             |                        |
| Reserve for dividends                                  | 73,200               |               | —                    | —             |                        |
| Special reserve for policyholders                      | 175,900              |               | —                    | —             |                        |
| Reserve for overseas investment loss                   | 0                    |               | —                    | —             |                        |
| Reserve for special depreciation                       | 488                  |               | —                    | —             |                        |
| Reserve for advanced depreciation                      | 1,229                |               | —                    | —             |                        |
| Unappropriated retained earnings                       | 137,420              |               | —                    | —             |                        |
| Net income for the year                                | 64,842               |               | —                    | —             |                        |
| <b>Unrealized gains on investments, net of tax</b>     | <b>1,289,897</b>     | <b>17.11</b>  | —                    | —             |                        |
| <b>Treasury stock</b>                                  | <b>(77,321)</b>      | <b>(1.03)</b> | —                    | —             |                        |
| <b>Total shareholders' equity</b>                      | <b>2,006,423</b>     | <b>26.62</b>  | —                    | —             |                        |
| <b>Total liabilities and shareholders' equity</b>      | <b>7,537,443</b>     | <b>100.00</b> | —                    | —             |                        |
| (Net assets)   |                      |               |                      |               |                        |
| <b>Shareholders' equity:</b>                           |                      |               |                      |               |                        |
| <b>Common stock</b>                                    | —                    | —             | <b>139,595</b>       | <b>1.80</b>   |                        |
| <b>Capital surplus:</b>                                |                      |               |                      |               |                        |
| Additional paid-in capital                             | —                    | —             | 93,107               |               |                        |
| Other capital surplus                                  | —                    | —             | 31                   |               |                        |
| <b>Total capital surplus</b>                           | —                    | —             | <b>93,138</b>        | <b>1.20</b>   |                        |
| <b>Retained earnings:</b>                              |                      |               |                      |               |                        |
| Legal earned reserve                                   | —                    | —             | 46,487               |               |                        |
| Other retained earnings:                               | —                    | —             | 548,681              |               |                        |
| Special reserve  | —                    | —             | 148,400              |               |                        |
| Reserve for dividends                                  | —                    | —             | 77,200               |               |                        |
| Special reserve for policyholders                      | —                    | —             | 193,900              |               |                        |
| Reserve for overseas investment loss                   | —                    | —             | 0                    |               |                        |
| Reserve for special depreciation                       | —                    | —             | 73                   |               |                        |
| Reserve for advanced depreciation                      | —                    | —             | 2,175                |               |                        |
| Reserve for anticipated advanced depreciation          | —                    | —             | 744                  |               |                        |
| Unappropriated retained earnings                       | —                    | —             | 126,189              |               |                        |
| <b>Total retained earnings</b>                         | —                    | —             | <b>595,169</b>       | <b>7.69</b>   |                        |
| <b>Treasury stock</b>                                  | —                    | —             | <b>(91,142)</b>      | <b>(1.17)</b> |                        |
| <b>Total shareholders' equity</b>                      | —                    | —             | <b>736,761</b>       | <b>9.52</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>Deferred hedge gains(losses),net of tax</b>         | —                    | —             | <b>(4,577)</b>       | <b>(0.06)</b> |                        |
| <b>Total valuation and translation adjustments</b>     | —                    | —             | <b>1,391,123</b>     | <b>17.96</b>  |                        |
| <b>Total net assets</b>                                | —                    | —             | <b>2,127,884</b>     | <b>27.48</b>  |                        |
| <b>Total liabilities and net assets</b>                | —                    | —             | <b>7,744,782</b>     | <b>100.00</b> |                        |

## Non-consolidated Statements of Income

| Item  | FY2005           | FY2006           | Increase<br>(decrease) |
|---|------------------|------------------|------------------------|
| <b>Ordinary income and expenses:</b>                                    |                  |                  |                        |
| <b>Ordinary income:</b>   | <b>1,785,948</b> | <b>1,748,280</b> | <b>(37,668)</b>        |
| <b>Underwriting income:</b>   | <b>1,641,642</b> | <b>1,607,507</b> | <b>(34,134)</b>        |
| Net premiums written  | 1,332,837        | 1,325,011        | (7,826)                |
| Deposit premiums from policyholders                                     | 249,760          | 224,676          | (25,083)               |
| Investment income on deposit premiums from policyholders                | 57,758           | 57,322           | (436)                  |
| Reversal of underwriting reserve  | -                | 10               | 10                     |
| Foreign exchange gains  | 1,185            | 448              | (737)                  |
| Other underwriting income   | 100              | 39               | (61)                   |
| <b>Investment income:</b>   | <b>134,319</b>   | <b>134,707</b>   | <b>387</b>             |
| Interest and dividends received   | 136,903          | 151,243          | 14,340                 |
| Investment gains on money trusts  | 539              | 952              | 413                    |
| Gains on sale of securities   | 48,143           | 30,893           | (17,249)               |
| Gains on redemption of securities                                       | 5,233            | 7,763            | 2,530                  |
| Foreign exchange gains  | 939              | 620              | (318)                  |
| Other investment income   | 320              | 554              | 234                    |
| Transfer of investment income on deposit premiums<br>from policyholders | (57,758)         | (57,322)         | 436                    |
| <b>Other ordinary income</b>  | <b>9,986</b>     | <b>6,065</b>     | <b>(3,920)</b>         |
| <b>Ordinary expenses:</b>   | <b>1,670,459</b> | <b>1,668,122</b> | <b>(2,337)</b>         |
| <b>Underwriting expenses:</b>   | <b>1,442,464</b> | <b>1,447,997</b> | <b>5,532</b>           |
| Net claims paid   | 740,036          | 771,012          | 30,975                 |
| Loss adjustment expenses  | 58,377           | 65,363           | 6,985                  |
| Commission and collection expenses                                      | 218,792          | 213,074          | (5,717)                |
| Maturity refunds to policyholders                                       | 363,976          | 340,660          | (23,315)               |
| Dividends to policyholders  | 113              | 57               | (55)                   |
| Provision for outstanding claims  | 47,242           | 57,558           | 10,316                 |
| Provision for underwriting reserve                                      | 13,610           | -                | (13,610)               |
| Other underwriting expenses   | 316              | 269              | (47)                   |
| <b>Investment expenses:</b>   | <b>19,755</b>    | <b>10,589</b>    | <b>(9,165)</b>         |
| Investment losses on money trusts                                       | 646              | -                | (646)                  |
| Losses on sale of securities  | 3,104            | 3,559            | 454                    |
| Losses on devaluation of securities                                     | 10,182           | 4,131            | (6,051)                |
| Losses on redemption of securities                                      | 101              | 8                | (93)                   |
| Losses on derivative transactions                                       | 2,244            | 652              | (1,592)                |
| Other investment expenses   | 3,474            | 2,238            | (1,236)                |
| <b>Operating expenses and general and<br/>  administrative expenses</b> | <b>206,579</b>   | <b>207,479</b>   | <b>899</b>             |
| <b>Other ordinary expenses:</b>   | <b>1,659</b>     | <b>2,055</b>     | <b>396</b>             |
| Interest expenses   | 718              | 769              | 51                     |
| Loss on bad debts   | 40               | 18               | (22)                   |
| Other ordinary expenses   | 899              | 1,267            | 368                    |
| <b>Ordinary profit</b>  | <b>115,489</b>   | <b>80,158</b>    | <b>(35,331)</b>        |
| <b>Extraordinary income and losses:</b>                                 |                  |                  |                        |
| <b>Extraordinary income:</b>  | <b>8,509</b>     | <b>3,689</b>     | <b>(4,820)</b>         |
| Gains on sale of property and equipment                                 | 2,204            | -                | (2,204)                |
| Gains on sale of fixed assets   | -                | 1,892            | 1,892                  |
| Other extraordinary income  | 6,305            | 1,796            | (4,508)                |
| <b>Extraordinary losses:</b>  | <b>31,203</b>    | <b>7,873</b>     | <b>(23,330)</b>        |
| Losses on sale of property and equipment                                | 3,891            | -                | (3,891)                |
| Losses on sale of fixed assets  | -                | 2,062            | 2,062                  |
| Impairment loss on fixed assets   | 909              | 491              | (417)                  |
| Provision for reserve under the special law                             | 2,911            | 2,983            | 72                     |
| Provision for price fluctuation reserve                                 | 2,911            | 2,983            | 72                     |
| Other extraordinary losses  | 23,491           | 2,335            | (21,155)               |
| <b>Income before income taxes</b>                                       | <b>92,794</b>    | <b>75,974</b>    | <b>(16,820)</b>        |
| Income taxes-current  | 31,572           | 37,786           | 6,213                  |
| Income taxes-deferred   | (3,620)          | (17,165)         | (13,544)               |
| <b>Net income</b>   | <b>64,842</b>    | <b>55,352</b>    | <b>(9,489)</b>         |