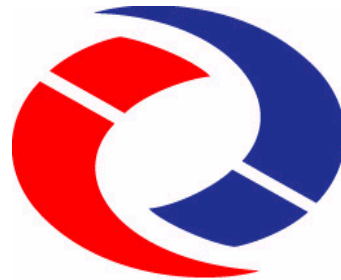


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**FY2007 Financial Results  
&  
FY2008 Management Policy**



**Aioi Insurance Company, Limited**

May 29, 2008

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# I. FY2007 Financial Summary



# 1. Key Financial Highlights (1) Aioi Insurance Co., Ltd.

## Overview of FY2007 Financial Results

Insurance Underwriting	FY2006	FY2007		
		Change	Ratio	
Direct Premiums Written	888.2	871.7	-16.4	-1.9%
Net Premiums Written	851.2	851.8	0.6	0.1%
Underwriting Profit	1.0	10.2	9.2	902.4%
Ratios				
Net Premium Growth	2.0%	0.1%	-1.9P	
Net Loss Ratio	62.4%	62.2%	-0.2P	
Net Expense Ratio	32.7%	33.3%	0.6P	
Investments				
Interest/Dividend Income	51.2	81.8	30.6	59.8%
Investment Income	35.0	0.0	-35.0	-100.0%
Ordinary Profit	29.8	4.4	-25.3	-85.1%
Net Income	18.8	7.1	-11.7	-62.0%
Solvency Margin Ratio	1030.4%	862.6%	-167.8P	

### Increase Ratio of Net Premiums Written

	FY2006	FY2007
Auto	1.7%	0.1%
Fire	7.2%	-1.7%
Personal Accident	-0.1%	-2.7%
Others	4.3%	4.6%

### Net Loss Ratio by Class of Business

	FY2006	FY2007
Auto	61.6%	63.3%
Fire	44.2%	37.3%
Personal Accident	41.0%	45.7%
Others	90.2%	80.0%

E/I Loss Ratio of Auto Insurance  
63.1% (-0.6P from FY2006)

Revenue growth continued mainly due to auto insurance growth despite slow sales activities due to the prioritizing of corporate reforms.

Underwriting profit substantially increased due to fewer natural catastrophes, disasters, and other accidents.

Investment income decreased mainly due to unrealized loss of subprime related investments. Risk exposure of subprime related investments substantially decreased.

As a result, ordinary profit and net income decreased.

Solvency margin ratio remained at a high level of 862.6%.

<Note>

Unit: Billions of Yen

All amounts are truncated.

All figures rounded to one decimal place.

Net loss ratios include loss adjustment expense.



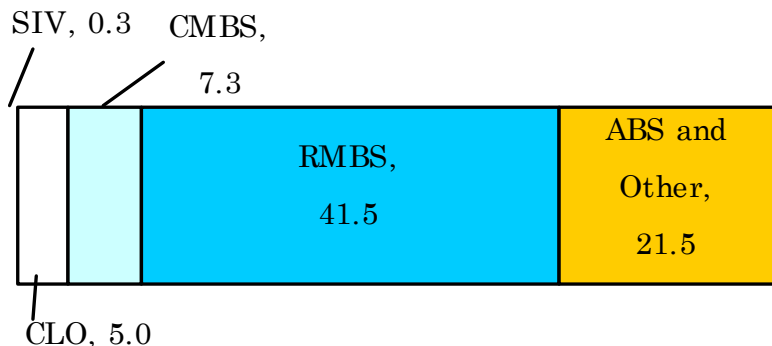
# 1. Key Financial Highlights (1) Aioi Insurance Co., Ltd.

## Investment Position of Securitized Products

### Investment in Securities

Unit: Billions of Yen

Total Amount: 75.8



More than 80% of the securities were domestic related. Taking credit standings into account, risk of the securities was limited.

-The percentage of securities in invested assets was **3.3%**.

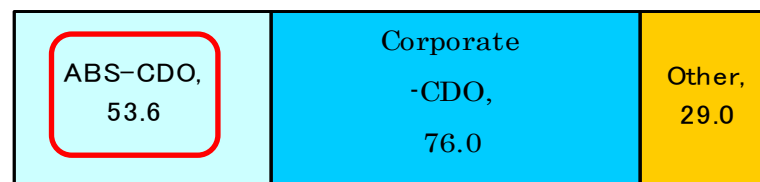
-Unrealized loss was 1.6 billion yen.

-The amount of overseas related investment made up 12.1 billion yen of the total amount of invested assets of 75.8 billion yen. Unrealized loss was 1.6 billion yen.

### Credit Derivatives

Unit: Billions of Yen

Total Amount: 158.6



Risk exposure of subprime related investments substantially decreased

-The notional amount of ABS-CDOs, which partially contain subprime related loans, greatly decreased in FY2007.

-Unrealized loss of ABS-CDOs was 40.9 billion yen, and the loss of credit derivatives was 43.4 billion yen.

-The total amount of ABS-CDOs greatly decreased to 12.7 billion yen.

-The amount of overseas related investments was 84.6 billion yen. (ABS-CDOs 53.6 billion yen and Corporate-CDOs 31.0 billion yen)



# 1. Key Financial Highlights (2) Consolidated Financial Results

## Overview of Consolidated Financial Results

	FY2006	FY2007		
			Change	Ratio
Ordinary Income	1,089.9	1,156.9	67.0	6.1%
Net Premiums Written	868.9	871.5	2.6	0.3%
Life Insurance Premiums	67.7	72.0	4.2	6.3%
Ordinary Profit	27.2	-8.6	-35.8	-
Net Income	16.1	-3.1	-19.3	-

## Reference

	FY2006		FY2007		
		Proportion		Change	Proportion
Net Premiums Written	868.9	100.0%	871.5	0.3%	100.0%
Aioi Insurance	851.2	98.0%	851.8	0.1%	97.7%
AMaGIC*	17.4	2.0%	19.6	12.8%	2.3%
Life Insurance Premiums	67.7	100.0%	72.0	6.3%	100.0%
Aioi Life	67.0	98.9%	70.6	5.4%	98.1%
AMaGIC*	0.8	1.3%	1.5	76.6%	2.1%

<Note> Figures of each company are not adjusted for consolidated results.  
 \*AMaGIC (Aioi Motor and General Insurance Company of Europe Ltd.) is a subsidiary of Aioi insurance Co.,Ltd

Net premiums written and life insurance premiums steadily increased.

- AMaGIC, which predominately underwrites F&I business in Europe, contributed to the increase in net premiums written.
- Aioi Life and AMaGIC's credit life business contributed to the increase in life premiums.

Consolidated net income temporarily went into the red due to loss from subprime related investments and increased investments for potential growth businesses.

Sales growth of overseas and life insurance are steadily increasing as part of business diversification. Further efforts to be made for increasing profitability.

<Note>  
 Unit: Billions of Yen  
 All amounts are truncated.  
 All figures rounded to one decimal place



## 2. Return to Shareholders

### Policy

#### Basic Policy

- Increasing both revenue and profit by growth strategies
- Enforcing corporate value in the medium and long-term
- Expanding returns to shareholders through increasing dividends

#### Dividend Policy

Stable dividend payout

Medium/long- term dividend  
payout ratio of 40%  
(non-consolidated basis)

### FY2007 Dividend Forecast

#### Result

- FY2007 year-end dividend will be 10 yen per share same as FY2006 even under the circumstance of substantial decrease in profit.
- Stable payout of dividend to be maintained based on the above policies.

	FY2005	FY2006	FY2007 Forecast
Net Profit (Billions of Yen)	19.7	18.8	7.1
Dividend per Share (Yen)	10	10	10
Dividend Payout Ratio	37.1%	38.9%	102.4%



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## II. FY2008 Management Policy





# 1. Basic Strategy

- Corporate Reforms as a base of sustainable business growth progressed through activities to review and check all customer contracts and to improve business quality.
- Auto insurance sales growth and low loss ratio still remain Aioi's strength. Meanwhile, net income in FY2007 decreased due to loss on subprime related investments and investments for growth businesses.
- For FY2008 onward, aims are to enhance and improve the risk management system, and to develop strong platforms for sales expansion by taking advantage of corporate strengths.

Expanding market share continuously and strengthening the Aioi group platform for sales growth to increase corporate value in the medium and long-term

## For Revenue

Expanding domestic and overseas market share by utilizing relationship with Toyota

Increasing sales channels in the housing industry and developing business in the affinity market

Increasing customer contacts and strengthening cross selling by launching new competitive products

## For Profit

Reinforcing actions to improve loss and operating cost on a continual basis

Enhancing risk management system and securing stable profitability of investment activity

Increasing group earnings

Strengthening and sophisticating risk management system

Stabilizing quality improvement activity



# 2. Revenue Base (1) Auto Insurance (Domestic)

## Sales Growth Strategy

The number of vehicles that Aioi insures increased despite weak sales of new vehicles in the market.

Aioi's strengths in the Toyota market and continuing low loss ratio of auto insurance

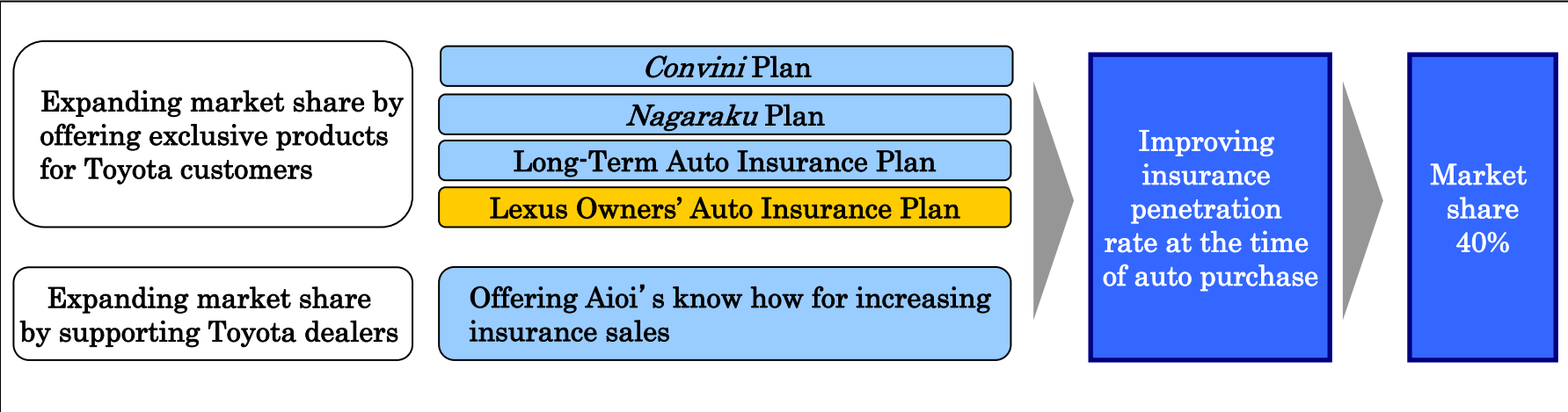
Increase ratio of vehicles that Aioi insures in the past three years are as follows:\*

FY2005 +1.6%	FY2006 +1.4%	FY2007 +0.1%
-----------------	-----------------	-----------------

Points	Toyota market strategy		
	Low loss ratio for auto insurance		
	FY2005	FY2006	FY2007
Increase ratio of vehicles that Aioi insures (Toyota dealers)*	3.7%	3.6%	1.8%
Loss ratio of auto insurance (Aioi)**	61.1%	63.7%	63.1%

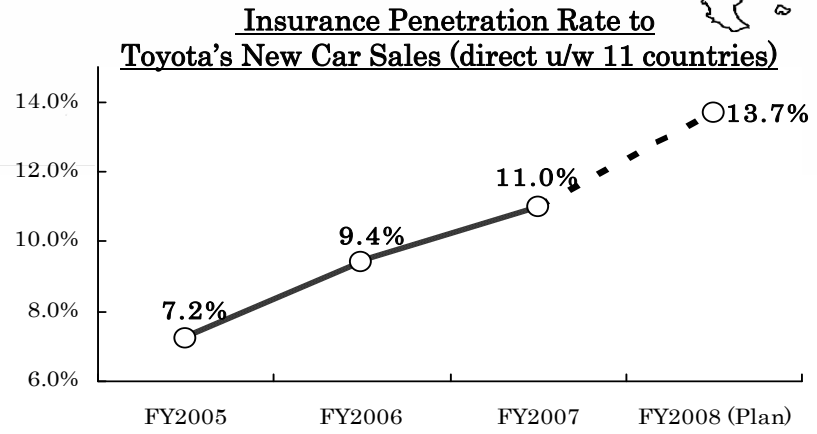
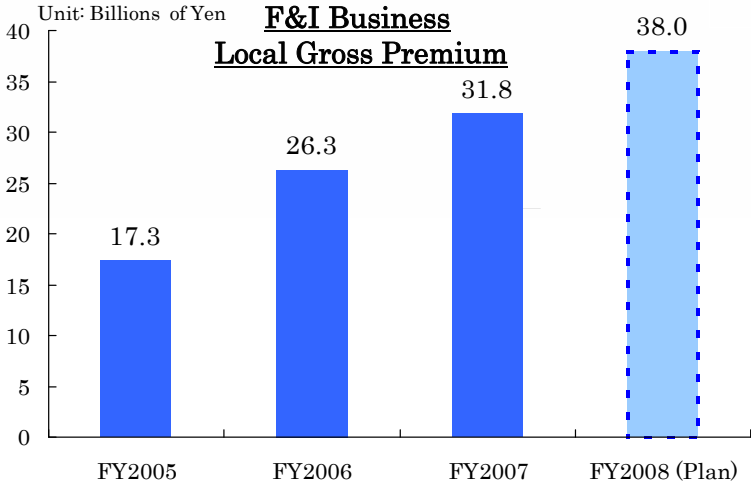
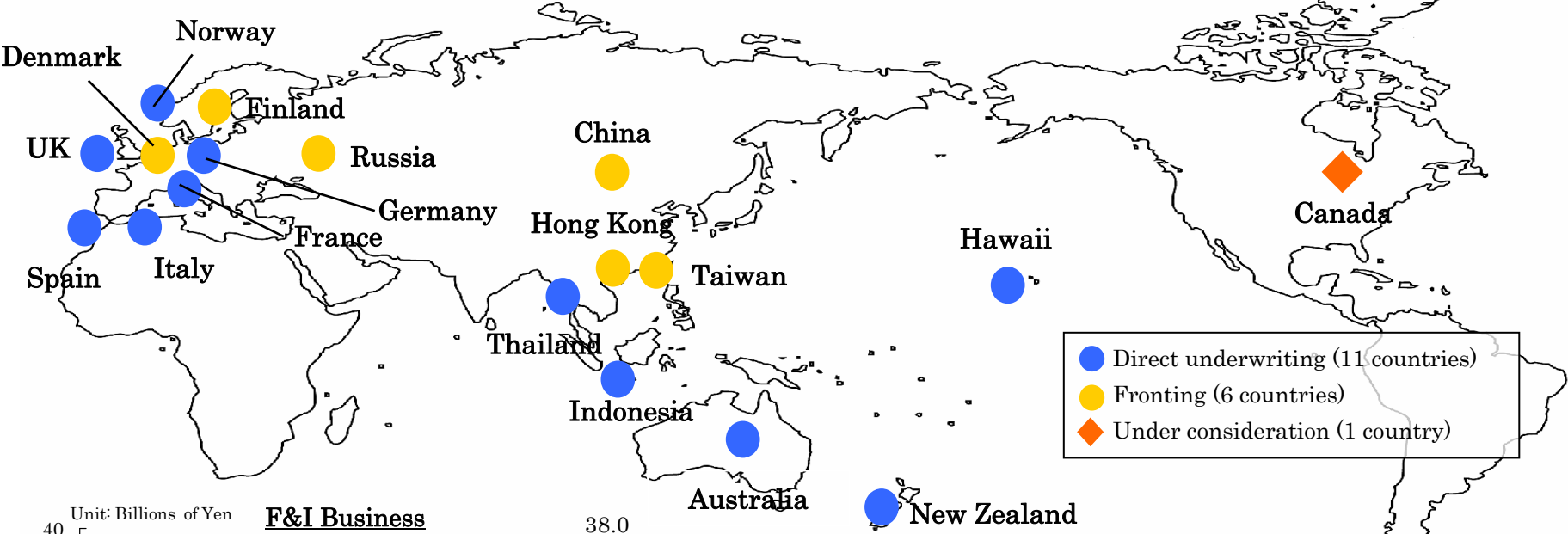
\*Based on sales performance  
 \*\*E/I Loss ratio (Loss adjustment expense included.)

## Toyota Market Strategy (Domestic)



# 2. Revenue Base (2) Auto Insurance (Overseas)

- Expansion of F&I business into 17 countries through direct underwriting and fronting
- Aim for further business opportunities through sales of auto related insurance products, such as extended warranty insurance, and credit life insurance to Toyota customers through F&I business model



## 2. Revenue Base (3) Long-Term Fire Insurance

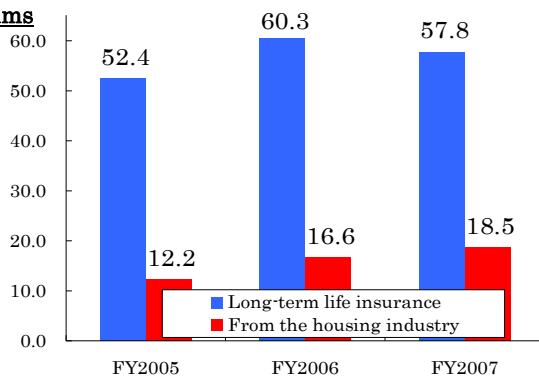
- Market share of fire insurance has substantially increased due to strong sales channels in the housing industry.
- Achieving continuous growth of long-term fire insurance through offering new competitive products which suit customers' needs and establishing strong business relations in the affinity market.

### New and Existing House Market

- Sustaining sales by taking advantage of the strength of the housing industry channel despite severe market conditions
- Refortifying our efforts to establish new agencies for sales growth
- Launching competitively-priced products specifically for the housing industry

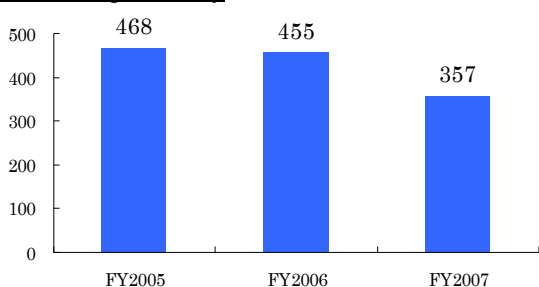
#### Insurance Premiums

(Billions of Yen)



#### New agencies in the Housing Industry

(Shops)

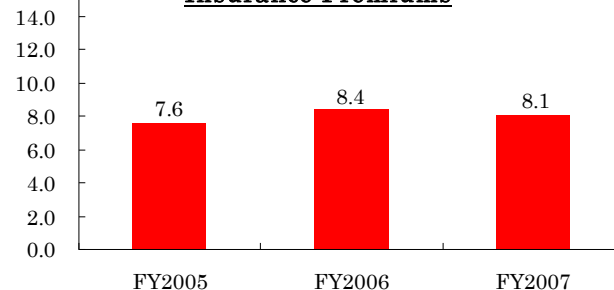


### Rental House Market

- Establishing new agencies to expand sales
- Offering competitive products in the rental housing industry

(Billions of Yen)

#### Insurance Premiums



#### Affinity Market (Co-Operative Market)

- Making agreements with new agencies to increase sales channels
- Developing business partnership to expand market share

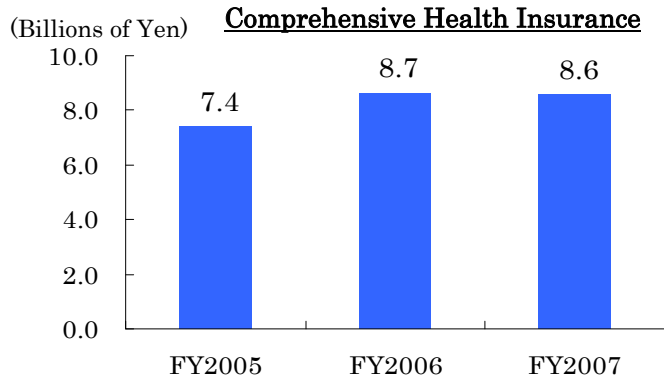


## 2. Revenue Base (4) Cross Selling

Strengthening cross selling business model by further improvement of sales techniques and proposing new competitive products to auto insurance customers

### Third Sector Insurance

- New product, Live Lead Advance, launched in April 2008
- Launching competitive products to increase cross selling

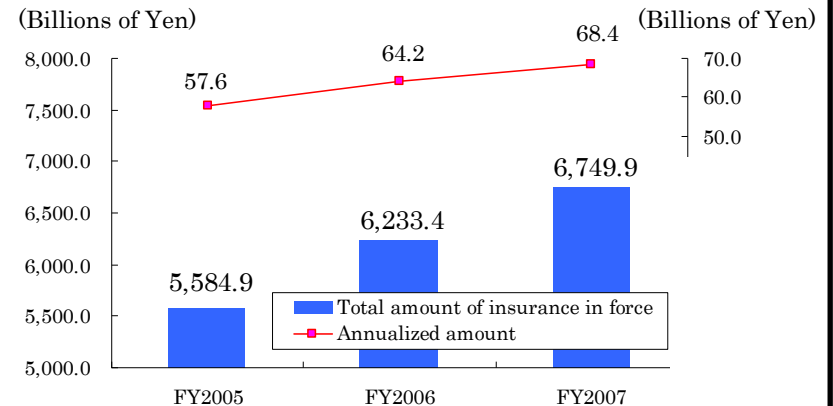


Strengthening appeal of advanced medical expenses cover

- Increased multiplication ratio of daily hospitalization insurance payments for advanced medical treatment
- Direct payment of advanced medical expenses to hospitals

### Life Insurance

- New products, Premium W and Just One W, launched in June 2008
- Launching competitive products to increase cross selling



- Competitive income security insurance premium, especially for non-smokers
- New special extension to cover loss of earnings for three major diseases



### 3. Profit Base (1) Insurance Business

- Stable low loss ratio of auto insurance achieved through early claim settlement and loss prevention activities
- For other classes of insurance, activities, such as product revision, and monitoring risk exposures for improvement of loss ratio
- Investment cost for next-generation system covered by increased business efficiency
- Establishment of cost effective business management

#### Loss Ratio

##### <Auto Insurance>

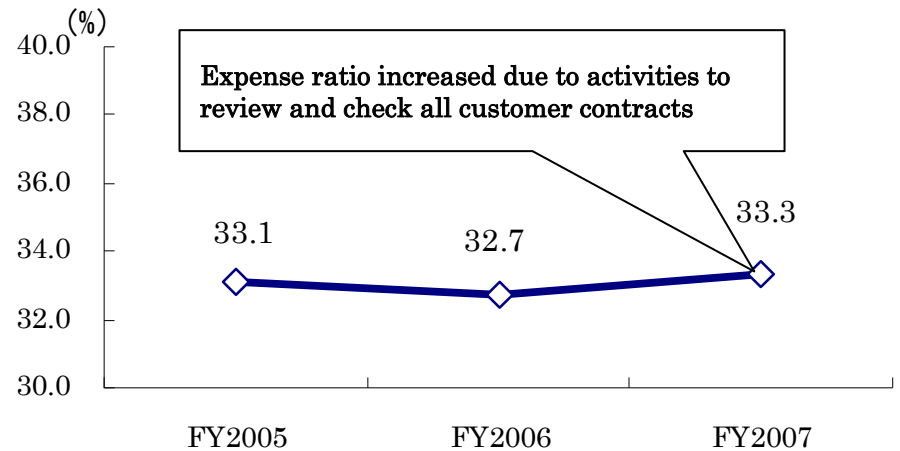
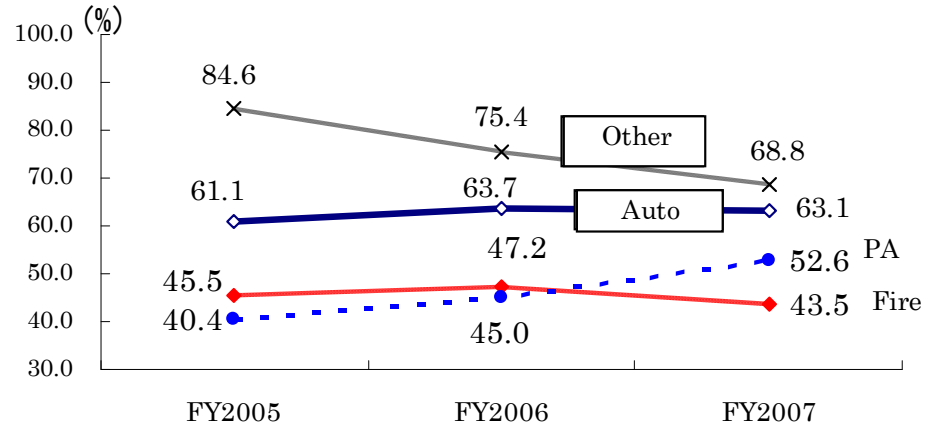
- Early claim settlement
- Strengthening loss prevention activities
- Improvement of claims handling management

##### <Other Insurance>

- Development of an efficient reinsurance program for fire insurance
- Revision of products to make loss ratio lower for third sector insurance
- Improvement of monitoring risk exposures for casualty insurance

#### Expense Ratio

- Continued investment in next-generation system as a pillar of corporate reforms
- Covering investment costs by business efficiency improvement gains
- Reviewing the structure of agency commission based on business quality management



# 3. Profit Base (2) Investment Strategy

## Basic Policy and Direction

- Develop advanced ALM and risk management system
- Pursue increased profit by interest-rate risk control and diversified investment

Contribute to sustainable development of corporate value

Measures to be taken

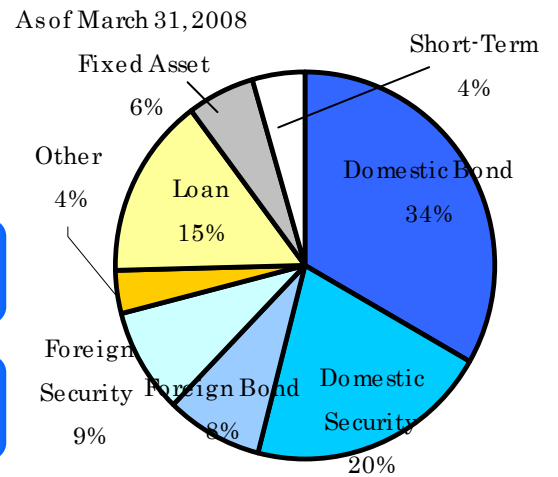
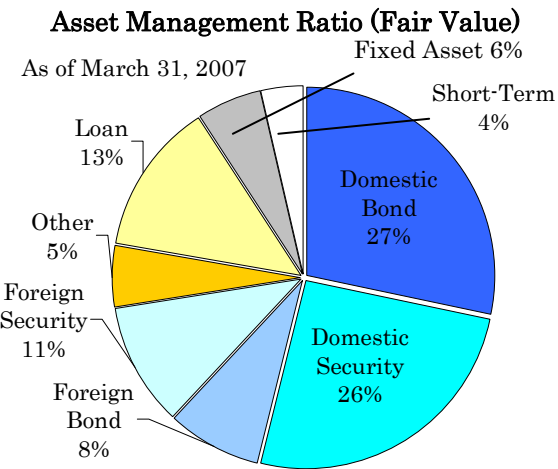
Control of yen-based interest risk on insurance liabilities by ALM investment in yen-based assets to secure stable profits in the medium and long term

Elimination of large risk by diversified investment in securities and bonds to aid the stable increase of profits

Development of new investment opportunities including alternative investment to allow for sustainable profit growth in the medium and long-term based on risk management system

Development of sophisticated ALM and risk management system for various investment activities

Reinforcement of system for investment activities and improvement of workforce configuration and human resource development

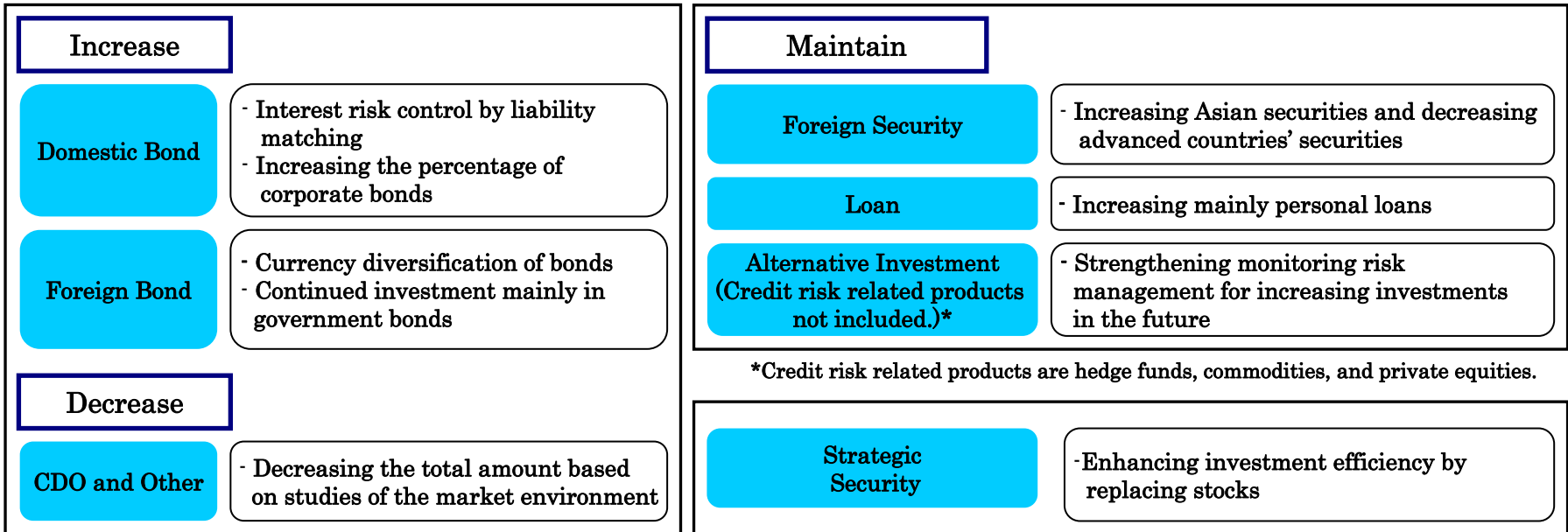




### 3. Profit Base (2) Investment Strategy

#### FY2008 Investment Policy

- The first priority is given to securing stable profit in view of loss impact on subprime related investments in FY2007 and uncertainty of current investment markets.
- As a temporary measure, main assets, such as securities, and bonds to be further allocated to domestic and overseas bonds for stable investment profitability.
- Careful approach to alternative investment for the time being and more attention to monitoring risk management in the light of future increase of alternative investment..



#### Measures for Strengthening Asset Management

- Monitoring actual risk of underlying assets, taking measures against market liquidity risk, and advancing quantitative management to improve risk management system for mainly alternative investments
- Investing risk management system for asset management, securing manpower for divisions of asset management, and developing human resources





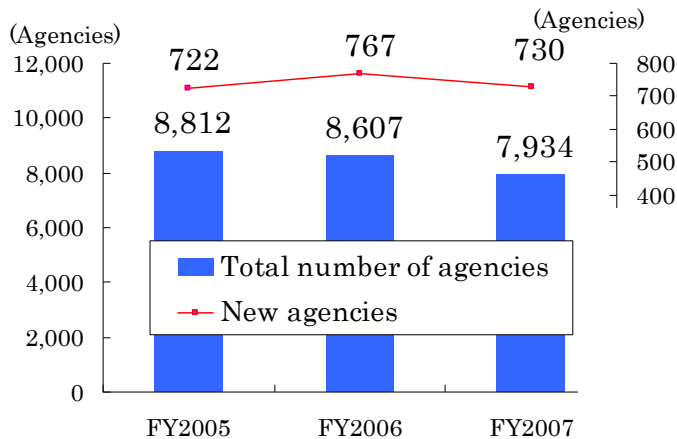
### 3. Profit Base (3) Group Companies' Business ( Aioi Life)

- Improving sales efficiency by alliances with life insurance managers for non-life insurance channel
- Developing sales activities, particularly multi-branch agencies for the Aioi Life channel

#### Non-Life Insurance Channel

- Strengthening alliances between non-life insurance channel and life insurance managers.
- Launching new competitive products, such as Premium W, and Just One W.
- Expanding the scale of channels and reinforcing efforts to create new channels.

The Number of Aioi Life Insurance's Agencies



#### Aioi Life Channel

Multi-branch agencies

Offering competitive products to rapidly growing multi-branch agencies

Interest-sensitive private pension insurances (Saving-type and lump-sum payment)

New products, Premium W and Just One W

New Contracts

FY2007 14.7%  
(Increased by 8.2P from FY2006)

Increased Ratio

FY2007 +116.5%



### 3. Profit Base (3) Group Companies' Business

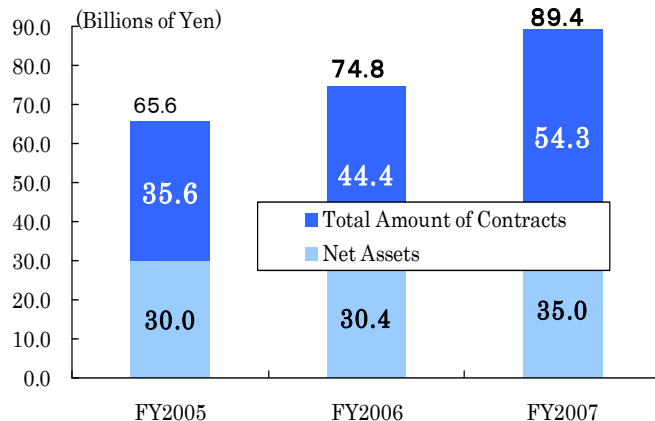
- Aioi Life will increase its earning capability while contributing to group earnings and expanding its corporate value in the medium and long-term.
- AMaGIC has completed establishment of a strategic infrastructure to expand F&I business, launching new operations in Italy and Spain in 2007. Management resources to be concentrated on an "Action Plan" to become a profitable operation.

#### Aioi Life

Increasing expense margin as soon as possible.

- Increased monitoring of results by product, channel, and location
- Improving business process
  1. Developing infrastructure of agencies and service centers
  2. Simplifying paperwork procedures for contracts

#### Change of EV



#### AMaGIC

Direct underwriting function in place in five major European countries: UK, Germany, France, Italy, and Spain.

Strengthening activities to improve financial results for being profitable operation

- Reviewing products and rating structures
- Promoting loss control activities for reducing loss ratio
- Improving operational efficiency by IT infrastructure development

Achieving profit in FY2010



## 4. FY2008 Business Plan

Consolidated		FY2006	FY2007	FY2008 Plan
Ordinary Income		1,089.9	1,156.9	1,060.0
Direct Net Premiums Written		868.9	871.5	858.0
Life Insurance Premiums		67.7	72.0	77.0
Ordinary Profit		27.2	-8.6	25.0
Net Income		16.1	-3.1	14.0
Aioi Insurance		FY2006	FY2007	FY2008 Plan
Direct Net Premiums Written		851.2	851.8	835.0
Direct Net Premiums Written (CALI excluded)		701.4	702.3	712.0
Underwriting Profit		1.0	10.2	12.5
Investment Income		35.0	0.0	20.4
Ordinary Profit		29.8	4.4	28.0
Net Income		18.8	7.1	17.0
<Various Ratios>				
Net Premium Growth		2.0%	0.1%	-2.0%
Net Loss Ratio		62.4%	62.2%	65.1%
Net Expense Ratio		32.7%	33.3%	34.2%
<Various Ratios> (CALI excluded)				
Net Premium Growth		2.7%	0.1%	1.4%
Net Loss Ratio		60.4%	60.1%	60.7%
Net Expense Ratio		35.0%	35.7%	35.0%
Aioi Life				
Value of New Individual Insurance and Individual Pension Contracts		845.6	786.6	1,026.0
Value of Policies in Force		6,233.4	6,749.9	7,514.0
Individual Insurance and Pension		4,657.0	4,907.4	5,446.0
Ordinary Profit		1.9	-5.6	3.6
(Reference) Overseas Business				
Overseas Direct Premiums (Gross)		46.4	51.7	59.5

CALI: Compulsory Automobile  
Liability Insurance

<Note>

Unit: Billions of Yen

All amounts are truncated.

All figures rounded to one decimal place .

Loss ratios include loss adjustment expense.

Value of policies in force excludes group pension.



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# Supplementary Information



# Corporate Reforms

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Business process reforms implemented to review our entire business operation, system, and structure from the point of view of our customer

## Peace of Mind Checking Campaign

- Establishing activities to review and check all customer contracts as a part of ordinary business operation
- Working on new activities that offer our products through cross selling
- Finishing inspection of all fire insurance policies before June 2008 and all other insurances policies before July 2008

## Restructuring Sales System

- Reforming business processes by reviewing products, business operations, and operation system
- Establishing appropriate and effective sales base through closer relationships with our agencies

## “*Anshin* Call” Strengthening Non- Life Insurance Service System

- Increasing customer contacts by *Anshin* Call
- Improving claim service through communication with our customers

## Product Development

- Launching easy-to-understand products by reviewing clauses, special contracts, and subscription tools (New auto insurance launched in April 2008 and new fire insurance planned to be launched in October 2008)



# *IR Meeting Reference Data*

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# I. Financial Data

## 1. FY2007 Financial Summary

### (1) Consolidated Profit and Loss

(Unit: 100 Million Yen, %)

	FY2006	FY2007	Change	Change %
Ordinary Income	10,899	11,569	670	6.1
(of which net permiums written)	8,689	8,715	26	0.3
(of which life insurance premiums)	677	720	42	6.3
(of which investment income)	483	1,165	681	
(of which interest and dividend income)	575	892	317	
(of which gain on sale of securities)	121	483	362	
Ordinary Expense	10,627	11,656	1,028	9.7
(of which net claims paid)	5,084	5,089	5	0.1
(of which life insurance claims and other payments)	102	128	25	25.1
(of which investment loss)	74	1,095	1,021	
(of which gain/loss on sale of securities)	49	96	46	
(of which valuation loss on securities)	16	125	108	
(of which gain/loss on derivatives)	-	847	847	
Operating and General Administrative Expense	1,506	1,566	60	
Ordinary Profit	272	-86	-358	
Net Income	161	-31	-193	

### (2) Non-Consolidated Profit and Loss

(Unit: 100 Million Yen, %)

(Unit: 100 Million Yen)

	FY2006	FY2007	Change	Change %
1. Direct Premiums Written*	8,882	8,717	-164	-1.9
2. Net Premiums Written	8,512	8,518	6	0.1
3. Net Claims Paid**	4,965	4,950	-14	-0.3
4. Loss Adjustment Expenses***	349	349	0	0.2
5. Net Operating Expenses***	2,780	2,834	53	1.9
Operating Income	417	383	-33	-8.1
6. Increase in Claims Reserve****	-81	-132	-50	
7. Increase in CAT Reserve*****	137	51	-86	
Underwriting Profit & Loss	10	102	92	
Asset Management Profit & Loss *****	350	0	-350	
(of which interest/dividend income)	512	818	306	
(of which gain/loss on sale of securities)	73	390	317	
(of which valuation loss on securities)	16	124	108	
(of which gain/loss on derivatives)	1	-847	-849	
Ordinary Income	298	44	-253	
Extraordinary Profit & Loss*****	-18	46	64	
Net Income	188	71	-117	

Note
* CALI (-128)
** Fire -76(Natural disasters -55), Auto +80
*** Non-personal expense +47 (Expense for quality improvement of sales activity +43)
**** Increase in claims reserve of Auto -10 (FY2006 +72)
***** Auto -72 (-84 from FY2006)
***** Loss on subprime related investments -836
***** Increase due to revision of retirement benefits and pension plan (FY2007 +80)

### Various Ratios

(Unit: %)

Net Premium Growth Ratio	2.0	0.1	-1.9
Net Loss Ratio	62.4	62.2	-0.2
Net Expense Ratio	32.7	33.3	0.6
Combined Ratio	95.1	95.5	0.4
U/W Profit Ratio	4.9	4.5	-0.4

### Financial Conditions

(Unit: 100 Million Yen)

	FY2006	FY2007	Change
Total Asset	27,848	26,385	-1,463
Equity Capital	6,286	4,411	-1,875
Catastrophe Reserves	2,372	2,423	51
Solvency Margin Ratio	1,030.4%	862.6%	-167.8%

## 2. Premiums & Claims by Class

### Direct Premiums Written

(Unit: Million Yen, %)

	FY2005		FY2006		FY2007		FY2008 Forecast	
		Change %		Change %		Change %		Change %
Fire	112,658	10.3	120,578	7.0	117,476	-2.6	122,100	3.9
Marine	5,085	3.6	5,396	6.1	5,551	2.9	6,400	15.3
P.A.	51,224	1.3	51,742	1.0	50,583	-2.2	50,800	0.4
Auto	461,197	0.8	468,199	1.5	466,731	-0.3	466,800	0.0
CALI	169,696	-2.8	170,407	0.4	157,532	-7.6	138,600	-12.0
Other	68,652	-0.2	71,924	4.8	73,916	2.8	78,500	6.2
Total	868,516	1.2	888,248	2.3	871,793	-1.9	863,200	-1.0

### Net Premiums Written

(Unit: Million Yen, %)

	FY2005		FY2006		FY2007		FY2008 Forecast	
		Change %		Change %		Change %		Change %
Fire	95,256	7.5	102,072	7.2	100,326	-1.7	104,100	3.8
Marine	5,660	5.4	6,482	14.5	6,435	-0.7	7,100	10.3
P.A.	49,265	0.1	49,232	-0.1	47,882	-2.7	47,000	-1.8
Auto	464,357	0.8	472,090	1.7	472,766	0.1	474,800	0.4
CALI	151,083	-2.2	149,749	-0.9	149,545	-0.1	123,000	-17.8
Other	68,661	-1.2	71,611	4.3	74,891	4.6	79,000	5.5
Total	834,284	0.8	851,238	2.0	851,849	0.1	835,000	-2.0

### Net Claims Paid

(Unit: Million Yen, %)

	FY2005		FY2006		FY2007		FY2008 Forecast		
	Loss Ratio*	Change %	Loss Ratio*	Change %	Loss Ratio*	Change %	Loss Ratio*	Change %	
Fire	41,330	45.0	-20.0	43,510	44.2	-0.8	35,823	37.3	-6.9
Marine	3,118	56.6	0.5	2,719	43.7	-12.9	3,610	57.7	14.0
P.A.	16,704	37.1	0.6	18,523	41.0	3.9	20,390	45.7	4.7
Auto	263,690	61.3	-0.7	269,882	61.6	0.3	277,946	63.3	1.7
CALI	97,473	69.9	9.5	100,044	72.0	2.1	100,168	72.3	0.3
Other	65,729	99.6	-11.6	61,858	90.2	-9.4	57,141	80.0	-10.2
Total	488,046	62.7	-1.9	496,539	62.4	-0.3	495,081	62.2	-0.2

\* Loss Ratio = (Net Claims Paid + Loss Adjustment Expenses) / Net Premiums Written x 100



### 3. Inwards Re-insurance Premiums & Claims by Class

#### Net Inwards Re-insurance Premiums by Class

(Unit: Million Yen, %)

	FY2005		FY2006		FY2007	
		Change %		Change %		Change %
Fire	8,865	-30.6	9,690	9.3	9,509	-1.9
Marine	1,823	6.8	2,341	28.4	2,364	1.0
P.A.	945	-1.1	821	-13.2	740	-9.8
Auto	8,360	-5.3	9,616	15.0	11,543	20.0
CALI	111,746	-2.4	110,105	-1.5	110,569	0.4
Other	10,418	23.7	9,269	-11.0	8,384	-9.5
Total	142,160	-3.4	141,844	-0.2	143,112	0.9

#### Net Inwards Re-insurance Claims by Class

(Unit: Million Yen, %)

	FY2005			FY2006			FY2007		
		Loss Ratio*	Change %		Loss Ratio*	Change %		Loss Ratio*	Change %
Fire	11,495	129.7	63.7	6,451	66.6	-63.1	4,781	50.3	-16.3
Marine	1,897	104.1	11.9	1,416	60.5	-43.6	2,210	93.5	33.0
P.A.	307	32.6	6.0	333	40.6	8.0	322	43.6	3.0
Auto	5,415	64.8	-16.1	6,088	63.3	-1.5	7,973	69.1	5.8
CALI	97,473	87.2	12.7	100,044	90.9	3.7	100,168	90.6	-0.3
Other	32,033	307.5	-148.2	23,055	248.7	-58.8	17,543	209.2	-39.5
Total	148,622	104.5	8.7	137,388	96.9	-7.6	132,999	92.9	-4.0

\* Loss Ratio = Net Inwards Re-insurance Claims/ Net Inwards Re-insurance Premiums x 100

### 4. Breakdown of Net Operating Expenses

(Unit: Million Yen, %)

	FY2005			FY2006			FY2007			FY2008 Forecast		
		Change %	% of Premiums		Change %	% of Premiums		Change %	% of Premiums		Change %	% of Premiums
Loss Adjustment Expenses & Operating and General Administrative Expense												
Personal Cost	92,836	-1.2	11.1	89,188	-3.9	10.5	89,197	0.0	10.5	91,800	2.9	11.0
Non-personal Cost	75,102	0.2	9.0	76,096	1.3	8.9	80,885	6.3	9.5	82,100	1.5	9.8
Tax & Other	9,942	-1.4	1.2	9,760	-1.8	1.1	9,498	-2.7	1.1	9,500	0.0	1.1
Total	177,881	-0.6	21.3	175,045	-1.6	20.6	179,581	2.6	21.1	183,400	2.1	22.0
Operating and General Administrative Expense	135,071	-0.4	16.2	132,313	-2.0	15.5	136,431	3.1	16.0	137,400	0.7	16.5
Commissions and Brokerage	140,788	1.4	16.9	145,741	3.5	17.1	147,020	0.9	17.3	147,800	0.5	17.7
Net Operating Expense	275,859	0.5	33.1	278,054	0.8	32.7	283,451	1.9	33.3	285,200	0.6	34.2

## 5. Catastrophe Reserves

	(Unit: Million Yen, %)								(Unit: Million Yen)	
	FY2005		FY2006		FY2007			FY2007		
		Reserve Ratio		Reserve Ratio		Reserve Ratio	Change	Draw-down	Transfer	
Fire	74,136	79.3	82,056	81.8	89,902	91.3	7,846	-	7,846	
Marine	3,719	65.7	3,960	61.1	4,215	65.5	255	32	287	
P.A.	29,885	60.7	31,379	63.7	32,861	68.6	1,482	-	1,482	
Auto	97,114	20.9	98,348	20.8	91,099	19.3	-7,248	40,550	33,301	
Other	18,692	27.2	21,520	30.1	24,302	32.5	2,781	881	3,663	
Total	223,547	32.8	237,265	33.9	242,382	34.6	5,117	41,464	46,582	

\* Reserve Ratio = Amount of Catastrophe Reserve / Net Premiums Written (Excl. Dwelling EQ / CALI) × 100

## 6. Underwriting Reserve

	(Unit: Million Yen)				
	FY2005	FY2006	FY2007		Change
Fire	502,257	522,791	537,922	15,130	15,130
Marine	6,545	7,027	7,537	510	510
P.A.	526,138	513,668	499,555	-14,113	-14,113
Auto	241,462	243,923	234,325	-9,597	-9,597
CALI	257,309	272,542	287,679	15,136	15,136
Other	117,011	121,532	124,825	3,292	3,292
Total	1,650,724	1,681,485	1,691,845	10,359	10,359

## 7. Claims Reserve

	(Unit: Million Yen)							
	FY2005		FY2006		FY2007			
		of which IBNR		of which IBNR		of which IBNR	Change	of which IBNR
Fire	33,639	15,765	25,380	10,243	23,193	8,041	-2,186	-2,202
Marine	5,634	2,866	6,830	3,738	4,838	2,498	-1,991	-1,240
P.A.	12,366	3,792	13,146	4,304	14,987	5,299	1,840	994
Auto	172,836	14,816	181,738	16,409	182,201	17,624	463	1,215
CALI	36,765	-	36,711	-	36,586	-	-124	-
Other	74,787	40,262	64,066	38,054	52,865	26,851	-11,201	-11,202
Total	336,030	77,503	327,873	72,750	314,673	60,316	-13,200	-12,434

## 8. Total Assets and Managed Assets

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Cash and Deposits	46,568	65,255	77,051	11,795
Call Loans	1,000	20,000	20,000	-
Monetary Receivables Bought	20,198	22,173	29,736	7,562
Money Held in Trust	6,716	5,050	2,222	-2,827
Investment in Securities	1,984,055	1,973,849	1,678,821	-295,027
Bonds	750,541	705,119	733,105	27,986
Equity Securities	707,270	659,752	468,033	-191,718
Foreign Securities	418,123	477,400	394,465	-82,935
Other Securities	108,119	131,576	83,216	-48,360
Loans	347,965	341,043	340,228	-815
Tangible Fixed Assets	152,495	154,840	150,335	-4,504
Intangible Fixed Assets	-	5,830	4,716	-1,114
Other Assets	203,246	188,871	223,543	34,672
Deferred Tax Assets	-	7,203	111,236	104,032
Customers' Liabilities for Acceptances and Guarantees	3,000	3,000	3,000	-
Allowance for Doubtful Accounts	-4,129	-2,219	-2,295	-76
<b>Total</b>	<b>2,761,116</b>	<b>2,784,898</b>	<b>2,638,595</b>	<b>-146,302</b>
<b>Managed Assets</b>	<b>2,546,709</b>	<b>2,569,727</b>	<b>2,285,812</b>	<b>-283,915</b>
(Reference)				
Long-Lived Assets	632,404	604,931	573,258	-31,673

\* Other assets for FY2005 include intangible fixed assets.

## 9. Solvency Margin Ratio

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
(A) Total Solvency Margin	1,086,180	1,102,699	841,780	-260,918
Capital Stock, Funds, and Other	325,076	336,563	336,339	-224
Price Fluctuation Reserve	4,708	5,997	7,249	1,252
Contingency Fund	-	-	517	517
CAT Reserve including Earthquake Insurance	259,578	275,354	282,396	7,041
Allowance for Bad Debt	298	216	343	126
90% of Net Unrealized Gain on Available-for-Sale Securities	419,995	401,024	137,215	-263,809
85% of Unrealized Gain and Loss on Land	33	1,376	6,158	4,782
Deductions	-12,530	-12,530	-24,280	-11,750
Other	89,019	94,695	95,841	1,145
(B) Total Risk $\sqrt{(R_1 + R_2)^2 + (R_3 + R_4)^2} + R_5 + R_6$	205,186	214,026	195,159	-18,867
General Insurance Risk (R <sub>1</sub> )	47,057	46,797	45,935	-862
Third Sector Insurance Risk (R <sub>2</sub> )	-	-	-	-
Projected Interest Risk (R <sub>3</sub> )	1,389	1,383	2,446	1,062
Asset Management Risk (R <sub>4</sub> )	115,720	121,214	93,869	-27,344
Business Management Risk (R <sub>5</sub> )	4,767	4,945	4,523	-421
Catastrophe Risk (R <sub>6</sub> )	74,208	77,855	83,927	6,071
Solvency Margin Ratio $[(A) / \{(B) \times 1/2\}] \times 100$	1,058.7%	1,030.4%	862.6%	-167.8%

## 10. Asset Evaluation (Loans)

(Unit: Million Yen, %)

	FY2005		FY2006		FY2007		Change	
		Proportion		Proportion		Proportion		Proportion
Total	347,965	100.0	341,043	100.0	340,228	100.0	-815	-
Total Non-Classified Assets	332,860	95.7	328,920	96.4	329,553	96.9	632	0.5
Total Classified Assets	15,104	4.3	12,123	3.6	10,675	3.1	-1,447	-0.5
Class II	10,884	3.1	9,463	2.8	9,674	2.8	211	-
Class III	2,353	0.7	2,271	0.7	448	0.1	-1,823	-0.6
Class IV	1,865	0.5	387	0.1	552	0.2	164	0.1

## 11. Debts Subject to Risk Control

(Unit: Million Yen, %)

	FY2005	FY2006	FY2007	Change
(A) Total Debt Subject to Risk Control	10,962	9,599	4,349	-5,250
Loans to Borrowers in Legal Bankruptcy	32	338	477	139
Loans in Default	10,494	8,747	3,055	-5,692
Loans in Default for 3 Months or More	170	265	586	320
Restructured Loans	265	248	230	-18
(B) Loans	347,965	341,043	340,228	-815
As a Proportion of Loans (A) / (B)	3.2	2.8	1.3	-1.5

## 12. Shareholdings by Sector

(Unit: Million Yen, %)

Item	Fiscal Year	FY2005		FY2006		FY2007		Change	
			Proportion		Proportion		Proportion		Proportion
Finance & Insurance		134,731	19.1	118,289	17.9	100,482	21.5	-17,806	3.6
Transport Equipment		96,043	13.6	100,886	15.3	73,154	15.6	-27,731	0.3
Commerce		92,157	13.0	76,529	11.6	55,030	11.8	-21,499	0.2
Electrical Machinery		63,028	8.9	63,831	9.7	47,075	10.1	-16,756	0.4
Chemicals		61,047	8.6	66,129	10.0	43,914	9.4	-22,214	-0.6
Construction		39,876	5.6	36,364	5.5	26,905	5.7	-9,459	0.2
Land Transport		53,810	7.6	39,323	5.9	18,882	4.0	-20,440	-1.9
Machinery		30,958	4.4	27,506	4.2	18,314	3.9	-9,191	-0.3
Real Estate		14,013	2.0	16,782	2.6	12,968	2.8	-3,814	0.2
Oil & Coal Products		13,307	1.9	13,560	2.1	12,350	2.6	-1,210	0.5
Other		108,296	15.3	100,549	15.2	58,954	12.6	-41,594	-2.6
Total		707,270	100.0	659,752	100.0	468,033	100.0	-191,718	-

### 13. Asset Management Profit & Loss

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Interest and dividend income	42,167	51,228	81,864	30,636
Gain on sale of investment in securities	6,976	7,343	39,086	31,743
Valuation loss of investment in securities	-998	-1,625	-12,496	-10,870
Gain & Loss on derivatives	-795	164	-84,774	-84,938
Other profit/loss on assets managed	1,836	-70	-1,560	-1,490
Investment Income on Premiums for Maturity of Refundable Portion of Long-Term and Other Insurance	-20,719	-22,007	-22,106	-99
Total	28,468	35,031	13	-35,018

### (Reference) Breakdown of Interest and Dividend Income

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Securities	30,588	38,746	68,671	29,925
Bonds	7,055	9,892	11,204	1,312
Shares	6,507	7,362	8,858	1,496
Foreign Securities	12,959	15,698	35,771	20,073
Other	4,065	5,794	12,837	7,043
Loan	5,959	6,339	6,735	396
Land/Buildings	4,875	5,113	5,121	8
Other	743	1,028	1,335	306
Total	42,167	51,228	81,864	30,636

Note: Evaluation profit and loss of derivative transaction at the end of the period are included.

### 14. Investment in Securities

#### (1) Unrealized Profit/Loss on Securities

(Unit: Million Yen)

	FY2006			FY2007			
	Cost	Fair Value	Difference	Cost	Fair Value	Difference	Change
Bonds	692,964	704,379	11,414	722,111	732,757	10,645	-768
Shares	245,564	603,015	357,450	238,707	403,880	165,173	-192,277
Foreign Securities	397,732	452,970	55,237	386,710	370,579	-16,131	-71,369
Other	118,797	140,277	21,479	108,395	101,339	-7,056	-28,536
Total	1,455,059	1,900,642	445,582	1,455,924	1,608,556	152,631	-292,951

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

2. Monetary receivables bought is included in other.

#### (2) Gain/Loss on Sale of Securities

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Bonds	-2,838	-657	5,587	6,244
Shares	14,038	7,766	9,833	2,066
Foreign Securities	-4,794	107	15,576	15,468
Other	571	126	8,089	7,963
Total	6,976	7,343	39,086	31,743

#### (3) Valuation Loss on Securities after Impairment

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Bonds	-	-	-	-
Shares	998	1,561	8,463	6,901
Foreign Securities	-	64	3,421	3,357
Other	-	-	611	611
Total	998	1,625	12,496	10,870

## 15. Reduction in Strategic Shareholdings

(Unit: 100 Million Yen)

	FY2005	FY2006	FY2007
Reduction	109	24	56
Balance	2,599	2,574	2,518

## 16. Fixed Asset Impairment

(Unit: Million Yen)

	FY2005	FY2006	FY2007	
				Change
Land	523	62	530	467
Buildings	1,096	246	339	93
Total	1,619	308	869	560

## 17. Impact of Natural Disasters

(Unit: 100 Million Yen)

	FY2005	FY2006	FY2007	
				Change
Direct Insurance				
Fire	33	76	20	-56
Auto	8	12	2	-10
Other	2	2	2	-
Claims Paid	43	90	24	-66
Claims Reserve	2	3	2	-1
Total	45	93	26	-67
Re-Insurance				
Fire	1	3	1	-2
Auto	-	-	-	-
Other	-	-	-	-
Claims Recovered	1	3	1	-2
Reserves Recovered	-	-	-	-
Total	1	3	1	-2
Net				
Fire	32	73	19	-54
Auto	8	12	2	-10
Other	2	2	2	-
Claims Paid	42	87	23	-64
Claims Reserve	2	3	2	-1
Total	44	90	25	-65
Draw-Down on CAT Reserves	8	12	2	-10
Net Impact (Negative)	36	78	23	-55

## 18. Aioi Life

(Unit: 100 Million yen, %)

	FY2006	FY2007		
			Change	Change %
New Policy Total	8,746	8,015	-730	-8.3
Personal/Personal Pension Group	8,456	7,866	-590	-7.0
Group	289	149	-139	-48.3
Policies in Force	62,334	67,499	5,164	8.3
Personal/Personal Pension Group	46,570	49,074	2,504	5.4
Group	15,764	18,425	2,660	16.9
Premium and Other Income	829	899	70	8.4
Asset Management Profit	54	65	10	18.8
Claims and Other Payment	251	304	53	21.2
Asset Management Expense	0	5	5	-
Total Assets	3,141	3,746	605	19.3
Solvency Margin Ratio	1,734.6	2,078.8	344.2	

(Reference) Annualized Premiums

(Unit: 100 Million yen, %)

New Policy	116	99	-16	-14.0
Policies in Force	642	684	42	6.5

## II. Operating Result Data

### 1. Operating Premiums

#### (1) By Class

(Unit: 100 Million yen, %)

	FY2006		FY2007		
		Change %		Change	Change %
Auto	4,695	1.2	4,653	-42	-0.9
CALI	1,657	2.8	1,634	-23	-1.4
Fire	1,181	7.6	1,144	-37	-3.1
P.A.	441	1.2	437	-4	-1.0
Marine	87	1.1	92	5	6.2
Other	652	3.9	676	25	3.8
<b>Total</b>	<b>8,713</b>	<b>2.5</b>	<b>8,636</b>	<b>-77</b>	<b>-0.9</b>

#### (2) By Channel

(Unit: 100 Million yen, %)

	FY2006		FY2007		
		Change %		Change	Change %
Pro	2,971	0.3	2,908	-63	-2.1
Auto	1,762	2.8	1,765	3	0.2
Toyota Group	1,944	3.9	1,963	19	1.0
Toyota Gp Dealers	1,711	4.4	1,716	4	0.3
Toyota Gp Cos.	233	0.9	247	15	6.3
Other Dealers	260	-2.7	247	-12	-4.8
Corporates	936	4.9	938	2	0.2
Financial	267	0.6	254	-13	-4.8
o/w bancassurance	36	-7.4	20	-16	-45.3
Other	573	9.1	561	-12	-2.1
<b>Total</b>	<b>8,713</b>	<b>2.5</b>	<b>8,636</b>	<b>-77</b>	<b>-0.9</b>

#### (3) Direct Premiums Income in Overseas

(Unit: 100 Million yen, %)

	FY2006		FY2007		
		Change %		Change	Change %
F&I	263	51.6	318	55	21.0
JIA and Other	201	17.2	199	-2	-0.9
<b>Total</b>	<b>464</b>	<b>34.5</b>	<b>517</b>	<b>53</b>	<b>11.5</b>



## 2. Auto Insurance

### (1) Vehicle/Unit Price Trend

(Unit: %)

	FY2006	1Q FY2007	2Q FY2007	1H FY2007	3Q FY2007	4Q FY2007	FY2007
Premiums	1.2	-0.3	-1.1	-0.7	-1.1	-1.2	-0.9
Vehicles	1.4	0.7	-0.2	0.3	-0.3	0.1	0.1
Unit Prices	-0.2	-1.0	-0.9	-1.0	-0.7	-1.2	-1.0

### (2) Fleet, Non-Fleet Vehicle/Unit Price Trend

(Unit: %)

	FY2006			FY2007		
	Premiums Increase	Vehicle Increase	Unit Price Increase	Premiums Increase	Vehicle Increase	Unit Price Increase
Total	1.2	1.4	-0.2	-0.9	0.1	-1.0
Fleet	4.3	5.0	-0.7	3.0	0.7	2.3
Non-fleet	0.8	0.9	-0.1	-1.4	0.0	-1.4

### (3) Switchover to "Top Run"

(Unit: %)

	FY2006	FY2007
Total	54.8	54.4
New	44.5	42.8
Renewal	55.8	55.4

### (4) Sales of Dedicated Toyota Market Products

(Unit: 1,000 Policies, 100 Million Yen)

	FY2006		FY2007	
	Policies	Premiums	Policies	Premiums
Convini Plan	55	57	49	50
Nagaraku Plan	36	31	36	29
Lexus Owners' Auto Insurance Plan	6	16	9	20

## 3. Platform Products

(Unit: 1,000 Policies, 100 Million Yen)

	FY2006		FY2007	
	Policies	Premiums	Policies	Premiums
Health Comp. (Live Lead)	218	87	205	86
Home Comp.	325	133	558	234
Traders Comp.	36	30	55	43
Construction Comp.	15	51	15	54
Transportation Comp.	1	5	1	6

Note: Total policies and operating result basis

## 4. Long-Term Fire Products

(Unit: 1,000 Policies, 100 Million Yen)

	FY2006		FY2007	
	Policies	Premiums	Policies	Premiums
My Home Comprehensive	127	255	134	289

## 5. Aioi Life

Sales of Main Products

<Personal>

Launch Date	Product Name	FY2005 Policies	FY2006 Policies	FY2007 Policies	Cumulative (Since Launch) Policies
Jun 2004	New Income Protection Insurance Just One	9,533	3,133	-	25,827
Nov 2004	<i>Zutto Luck</i>	2,037	1,563	1,468	5,813
Apr 2005	<i>Doru Monogatari</i>	530	383	362	1,275
Jun 2005	Super Whole Life Premium	4,734	1,796	-	6,530
Oct 2005	Carna	453	981	921	2,355
Jun 2006	Dream One	-	1,644	885	2,529
Oct 2006	New Super Whole Life Premium	-	2,017	3,813	5,830
Oct 2006	Just One α	-	4,505	6,195	10,700
Apr 2007	Kairos	-	-	111	111
Oct 2007	Interst-Sensitive Private Pension Insurance (Saving-Type)	-	-	6,204	6,204
Dec 2007	Interst-Sensitive Private Pension Insurance (Lum-Sum payment)	-	-	312	312
(Reference) Variable Whole Life Insurance (Super Whole Life Premium and Carna included.)		28,070	30,880	34,122	93,072

<Group>

Product Name (Launch Date)	FY2005 No. of Insureds	FY2006 No. of Insureds	FY2007 No. of Insureds	Cumulative (Since Launch) No. of Insureds
Group credit life cover with cancer diagnosis benefit (Feb 2004)				
Group credit life cover with three major diseases benefit (Feb 2006)	13,568	16,215	12,680	43,904
Group credit life cover with eight major diseases benefit (Aug 2007)				

## Aioi Insurance Company, Limited

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**This presentation contains statements referring to our future performances and forecasts, which entail certain and uncertain risks and uncertainties. Please note that our future performance, corporate strategies and management policies might vary due to changes in future conditions.**

