

November 27, 2006

Financial Results for the Six Months Ended September 30, 2006

The Dai-ichi Mutual Life Insurance Company (President: Katsutoshi Saito) announces financial results for the six months ended September 30, 2006.

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Attached: Supplementary Materials for the Six Months Ended September 30, 2006

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1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of September 30, 2005		As of September 30, 2006						As of March 31, 2006	
	Number of policies (Thousands)	Amount (100 millions of yen)	Number of policies			Amount			Number of policies (Thousands)	Amount (100 millions of yen)
			(Thousands)	Changes (%)	Changes (pre-FYE, %)	(100 millions of yen)	Changes (%)	Changes (pre-FYE, %)		
Individual insurance	11,526	1,860,543	11,453	99.4	99.6	1,793,244	96.4	97.9	11,498	1,832,105
Individual annuities	1,164	65,819	1,186	101.8	101.0	68,603	104.2	102.0	1,173	67,247
Individual insurance and annuities	12,690	1,926,363	12,639	99.6	99.7	1,861,847	96.7	98.0	12,672	1,899,352
Group insurance	-	552,763	-	-	-	552,217	99.9	100.3	-	550,313
Group annuities	-	59,907	-	-	-	63,771	106.4	101.8	-	62,634

- Note: 1. Policy amount in force of individual annuities is equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payment has not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.
2. Policy amount in force of group annuities is equal to the amount of outstanding corresponding policy reserve.
3. 'Changes' for number and amount of policies in force are presented in comparison with the end of previous interim period (as of September 30, 2005).
4. 'Changes (pre-FYE)' for number and amount of policies in force are presented in comparison with the previous fiscal year end (as of March 31, 2006).

New Policies

	Number of policies (Thousands)	Amount (100 millions of yen)	Amount		Changes (%)
			New Business	Net increase by conversion	
Six months ended September 30, 2005					
Individual insurance	561	61,728	52,197	9,530	92.5
Individual annuities	18	1,252	1,344	(92)	106.1
Individual insurance and annuities	580	62,980	53,542	9,438	92.7
Group insurance	-	2,859	2,859		45.1
Group annuities	-	8	8		165.7
Six months ended September 30, 2006					
Individual insurance	531	49,854	44,199	5,655	80.8
Individual annuities	31	2,551	2,623	(72)	203.7
Individual insurance and annuities	562	52,405	46,823	5,582	83.2
Group insurance	-	1,778	1,778		62.2
Group annuities	-	2	2		27.9
Year ended March 31, 2006					
Individual insurance	1,139	126,020	107,130	18,889	90.6
Individual annuities	47	3,482	3,658	(175)	152.0
Individual insurance and annuities	1,187	129,503	110,789	18,713	91.6
Group insurance	-	4,135	4,135		46.2
Group annuities	-	13	13		42.6

- Note: 1. Number of new policies is the sum of new business and policies after conversion.
2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.
3. Amount of new policies for group annuities is equal to the initial premium payment.
4. Changes for amount of new policies are presented in comparison with the previous interim period (six months ended September 30, 2005).

(reference) Surrender and lapses in individual insurance and individual annuities

	Six months ended September 30, 2005	Six months ended September 30, 2006
Amount of surrender and lapses	74,595	69,143
Surrender and lapses rate (%)	3.81	3.64

(100 Millions of yen except percentages)

Year ended March 31, 2006
146,980
7.50

(2) Annualized Net Premium

Policies in Force

	As of September 30, 2005	As of September 30, 2006	Changes		As of March 31, 2006
			(%)	(pre-FYE, %)	
Individual insurance	19,142	18,869	98.6	99.2	19,012
Individual annuities	2,221	2,480	111.7	106.7	2,323
Total	21,363	21,349	99.9	100.1	21,336
Medical and survival benefits	4,610	4,763	103.3	101.1	4,710

New Policies

	Six months ended September 30, 2005	Six months ended September 30, 2006	Changes		Year ended March 31, 2006
			(%)	(pre-FYE, %)	
Individual insurance	706	673	95.3		1,431
Individual annuities	98	174	176.6		220
Total	805	847	105.3		1,651
Medical and survival benefits	281	251	89.2		586

- Note: 1. Annualized net premium is calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by duration of policies.
 2. Annualized net premium for medical and survival benefits includes (a) premium related to medical benefits such as hospitalization and surgery benefits, (b) premium related to survival benefits such as specific illness and nursing benefits, and (c) premium related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
 3. New policies include net increase by conversion.
 4. 'Changes' for annualized net premium from policies in force and new policies are presented in comparison with the previous interim period (as of September 30, 2005 and for the six months ended September 30, 2005, respectively).
 5. 'Changes (pre-FYE)' for annualized net premium from policies in force are presented in comparison with the previous fiscal year end (as of March 31, 2006).

(3) Profit and Loss Items

	Six months ended September 30, 2005	Six months ended September 30, 2006	Changes (%)		Year ended March 31, 2006
			(%)	(pre-FYE, %)	
Premium and other income	1,684,880	1,671,753	99.2		3,400,393
Investment income	517,617	494,343	95.5		1,154,639
Benefits and claims	1,485,678	1,112,981	74.9		2,782,498
Investment expense	105,354	212,562	201.8		257,195
Net surplus from operations	80,982	101,756	125.7		221,542

Note: Changes for profit and loss items are presented in comparison with the previous interim period (six months ended September 30, 2005) .

(4) Total Assets

	As of September 30, 2005	As of September 30, 2006	Changes		As of March 31, 2006
			(%)	(pre-FYE, %)	
Total Assets	30,621,934	32,716,012	106.8	100.7	32,486,618

- Note: 1. 'Changes' for total assets are presented in comparison with the end of previous interim period (as of September 30, 2005).
 2. 'Changes (pre-FYE)' for total assets are presented in comparison with the previous fiscal year end (as of March 31, 2006).

2.Unaudited Non-Consolidated Balance Sheets

	As of		As of		As of March 31, 2006	
	September 30, 2005		September 30, 2006		(summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
(ASSETS)						
Cash and deposits	148,452	0.5	308,601	0.9	268,699	0.8
Call loans	225,600	0.7	216,200	0.7	218,000	0.7
Monetary claims bought	430,342	1.4	522,871	1.6	548,068	1.7
Money held in trust	6,911	0.0	31,282	0.1	33,854	0.1
Securities	22,416,880	73.2	24,621,432	75.3	24,011,864	73.9
[Government bonds]	[6,064,988]		[7,982,941]		[7,181,457]	
[Local government bonds]	[893,084]		[682,179]		[788,208]	
[Corporate bonds]	[3,121,114]		[2,910,004]		[2,892,673]	
[Stocks]	[5,201,716]		[6,231,617]		[6,315,120]	
[Foreign securities]	[6,662,172]		[6,217,993]		[6,276,260]	
Loans	5,760,721	18.8	5,439,788	16.6	5,561,219	17.1
Policy loans	708,399		683,358		685,964	
Ordinary loans	5,052,321		4,756,430		4,875,254	
Real estate and movable assets	1,231,491	4.0	-	-	1,211,132	3.7
[Real estate]	[1,225,456]		[-]		[1,205,626]	
Tangible fixed assets	-	-	1,181,286	3.6	-	-
Intangible fixed assets	-	-	96,178	0.3	-	-
Reinsurance receivables	57	0.0	61	0.0	100	0.0
Other assets	407,042	1.3	290,854	0.9	627,542	1.9
Customers' liabilities for acceptances and guarantees	6,897	0.0	16,877	0.1	17,515	0.1
Reserve for possible loan losses	(12,296)	(0.0)	(9,252)	(0.0)	(11,169)	(0.0)
Reserve for possible investment losses	(168)	(0.0)	(171)	(0.0)	(210)	(0.0)
Total assets	30,621,934	100.0	32,716,012	100.0	32,486,618	100.0

	As of		As of		As of March 31, 2006	
	September 30, 2005		September 30, 2006		(summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
(LIABILITIES)						
Policy reserves and others	26,795,068	87.5	27,725,085	84.7	27,259,079	83.9
Reserve for outstanding claims	210,275		163,868		159,603	
Policy reserves	26,167,488		27,149,763		26,727,294	
Reserve for policyholder dividends	417,304		411,452		372,182	
Reinsurance payables	442	0.0	432	0.0	471	0.0
Subordinated bonds	56,595	0.2	58,931	0.2	58,735	0.2
Other liabilities	987,964	3.2	1,061,221	3.2	1,277,097	3.9
Reserve for employees' retirement benefits	452,030	1.5	461,554	1.4	452,298	1.4
Reserve for retirement benefits of directors and executive officers	-	-	1,862	0.0	-	-
Reserve for price fluctuations	186,953	0.6	199,953	0.6	193,453	0.6
Deferred tax liabilities	234,971	0.8	542,882	1.7	582,810	1.8
Deferred tax liabilities for land revaluation	15,639	0.1	127,568	0.4	128,347	0.4
Acceptances and guarantees	6,897	0.0	16,877	0.1	17,515	0.1
Total liabilities	28,736,562	93.8	30,196,370	92.3	29,969,808	92.3
(CAPITAL)						
Foundation funds	110,000	0.4	-	-	110,000	0.3
Accumulated redeemed foundation funds	250,000	0.8	-	-	250,000	0.8
Revaluation reserve	248	0.0	-	-	248	0.0
Surplus	158,175	0.5	-	-	253,321	0.8
Reserve for future losses	4,300		-		4,300	
General reserve	101,526		-		101,464	
Unappropriated net surplus for the period	52,349		-		147,556	
[Net surplus for the period]	[51,948]		[-]		[151,407]	
Reserve for land revaluation	27,718	0.1	-	-	(78,186)	(0.2)
Net unrealized gains on securities, net of tax	1,339,229	4.4	-	-	1,981,425	6.1
Total capital	1,885,372	6.2	-	-	2,516,809	7.7
Total liabilities and capital	30,621,934	100.0	-	-	32,486,618	100.0
(NET ASSETS)						
Foundation funds	-	-	140,000	0.4	-	-
Accumulated redeemed foundation funds	-	-	280,000	0.9	-	-
Revaluation reserve	-	-	248	0.0	-	-
Surplus	-	-	185,945	0.6	-	-
Reserve for future losses	-	-	4,700		-	-
Other surplus	-	-	181,245		-	-
Reserve for redemption of foundation funds	-	-	36,400		-	-
Fund for risk allowance	-	-	43,139		-	-
Fund for price fluctuation allowance	-	-	10,000		-	-
Reserve for tax basis adjustments of real estate	-	-	13,891		-	-
Other reserves	-	-	179		-	-
Unappropriated net surplus for the period	-	-	77,635		-	-
Total of Foundation Funds and surplus	-	-	606,193	1.9	-	-
Net unrealized gains on securities, net of tax	-	-	1,989,183	6.1	-	-
Deferred hedge gains/losses	-	-	(4)	(0.0)	-	-
Reserve for land revaluation	-	-	(75,730)	(0.2)	-	-
Valuation and translation adjustments	-	-	1,913,448	5.8	-	-
Total net assets	-	-	2,519,642	7.7	-	-
Total liabilities and net assets	-	-	32,716,012	100.0	-	-

3.Unaudited Non-Consolidated Statements of Earnings

(Millions of yen)

	Six months ended September 30, 2005		Six months ended September 30, 2006		Year ended March 31, 2006 (summarized)	
	Amount	(%)	Amount	(%)	Amount	(%)
	ORDINARY REVENUES	2,433,635	100.0	2,285,399	100.0	5,016,821
Premium and other income	1,684,880		1,671,753		3,400,393	
[Premium income]	[1,684,613]		[1,671,566]		[3,399,526]	
Investment income	517,617		494,343		1,154,639	
[Interest and dividends]	[319,899]		[359,157]		[687,293]	
[Gains on money held in trust]	[727]		[-]		[2,583]	
[Gains on sale of securities]	[49,481]		[132,393]		[141,636]	
[Gains on redemption of securities]	[3,071]		[2,684]		[8,406]	
[Gains on investment in separate accounts]	[144,144]		[-]		[314,067]	
Other ordinary revenues	231,136		119,302		461,788	
ORDINARY EXPENSES	2,352,653	96.7	2,183,642	95.5	4,795,278	95.6
Benefits and claims	1,485,678		1,112,981		2,782,498	
[Claims]	[498,303]		[382,509]		[901,807]	
[Annuities]	[124,199]		[135,943]		[314,024]	
[Benefits]	[253,028]		[231,452]		[485,939]	
[Surrender values]	[492,079]		[310,884]		[880,832]	
[Other refunds]	[117,459]		[51,660]		[198,612]	
Provision for policy reserves and others	351,770		432,583		917,492	
Provision for reserve for outstanding claims	-		4,265		[-]	
Provision for policy reserves	345,699		422,469		905,505	
Provision for interest on policyholder dividends	6,070		5,847		11,987	
Investment expenses	105,354		212,562		257,195	
[Interest expenses]	[3,841]		[4,135]		[7,599]	
[Losses on money held in trust]	[-]		[2,569]		[-]	
[Losses on sale of securities]	[34,337]		[113,841]		[113,292]	
[Losses on valuation of securities]	[2,023]		[4,910]		[2,164]	
[Losses on redemption of securities]	[57]		[99]		[64]	
[Derivative transaction losses]	[9,555]		[22,219]		[22,195]	
[Losses on investment in separate accounts]	[-]		[8,623]		[-]	
Operating expenses	205,270		208,890		419,539	
Other ordinary expenses	204,579		216,625		418,551	
NET SURPLUS FROM OPERATIONS	80,982	3.3	101,756	4.5	221,542	4.4
Extraordinary gains	1,060	0.0	2,997	0.1	3,628	0.1
Extraordinary losses	20,736	0.9	14,366	0.6	38,740	0.8
Net surplus before adjustment for taxes, etc.	61,306	2.5	90,387	4.0	186,431	3.7
Corporate income tax-current	51,889	2.1	56,251	2.5	89,616	1.8
Corporate income tax-deferred	(42,531)	(1.7)	(45,081)	(2.0)	(54,592)	(1.1)
Net surplus for the period	51,948	2.1	79,217	3.5	151,407	3.0
Transfer from subsidy for social public enterprise	826	0.0	-	-	826	0.0
Transfer from fund for Public Health Awards	41	0.0	-	-	52	0.0
Transfer from fund for Green Design Award	4	0.0	-	-	54	0.0
Transfer from revaluation reserve	(470)	(0.0)	-	-	(4,783)	(0.1)
Unappropriated net surplus for the period	52,349	2.2	-	-	147,556	2.9

4. Unaudited Non-Consolidated Statement of Changes in Net Assets for the Six Months Ended September 30, 2006

(Millions of yen)

	Foundation funds and surplus											Subtotal
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Reserve for future losses	Surplus						Subtotal	
					Reserve for redemption of foundation funds	Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Other reserves	Unappropriated net surplus for the period		
Beginning balance as of March 31, 2006	110,000	250,000	248	4,300	44,700	43,139	-	13,497	128	147,556	253,321	613,570
Changes for the interim period												
Finaicing of additional foundation funds	60,000										-	60,000
Transfer to reserve for policyholder dividends										(112,247)	(112,247)	(112,247)
Transfer to reserve for future losses				400						(400)	-	-
Transfer to accumulated redeemed foundation funds		30,000			(30,000)						(30,000)	-
Interest payment for foundation funds										(1,889)	(1,889)	(1,889)
Net surplus for the period										79,217	79,217	79,217
Redemption of foundation funds	(30,000)										-	(30,000)
Transfer to reserve for redemption of foundation funds					21,700					(21,700)	-	-
Transfer to fund for price fluctuation allowance							10,000			(10,000)	-	-
Transfer to reserve for tax basis adjustments of real estate								569		(569)	-	-
Transfer from reserve for tax basis adjustments of real estate								(176)		176	-	-
Transfer to other reserves									926	926	-	-
Transfer from other reserves									(875)	(875)	-	-
Transfer from reserve for land revaluation										(2,456)	(2,456)	(2,456)
Net changes of items other than foundation funds and surplus												
Total changes for the interim period	30,000	30,000	-	400	(8,300)	-	10,000	393	50	(69,921)	(67,376)	(7,376)
Ending balance as of September 30, 2006	140,000	280,000	248	4,700	36,400	43,139	10,000	13,891	179	77,635	185,945	606,193

	Valuation and translation adjustments				Total
	Net unrealized gains on securities, net of tax	Deferred hedge gains/losses	Reserve for land revaluation	Subtotal	
Beginning balance as of March 31, 2006	1,981,425	-	(78,186)	1,903,239	2,516,809
Changes for the interim period					
Finaicing of additional foundation funds					60,000
Transfer to reserve for policyholder dividends					(112,247)
Transfer to reserve for future losses					-
Transfer to accumulated redeemed foundation funds					-
Interest payment for foundation funds					(1,889)
Net surplus for the period					79,217
Redemption of foundation funds					(30,000)
Transfer to reserve for redemption of foundation funds					-
Transfer to fund for price fluctuation allowance					-
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer to other reserves					-
Transfer from other reserves					-
Transfer from reserve for land revaluation					(2,456)
Net changes of items other than foundation funds and surplus	7,758	(4)	2,456	10,209	10,209
Total changes for the interim period	7,758	(4)	2,456	10,209	2,833
Ending balance as of September 30, 2006	1,989,183	(4)	(75,730)	1,913,448	2,519,642

I. Notes to the Unaudited Interim Non-Consolidated Balance Sheet as of September 30, 2006

1. Basis of Presentation of Interim Non-Consolidated Balance Sheet

(1) Valuation Methods of Securities

The valuation of securities, including bank deposits and monetary claims bought which are equivalent to marketable securities, and marketable securities managed as trust assets in money held in trust, is as explained below:

Trading securities are carried at fair value with cost determined by the moving average method. Held-to-maturity debt securities are stated at amortized cost determined by the moving average method. Policy-reserve-matching bonds are stated at amortized cost determined by the moving average method in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving average method.

Available-for-sale securities which have market value are valued at market value at the end of the interim period (for domestic stocks, the average value during September), with cost determined by the moving average method. With respect to available-for-sale securities for which there is no market value, government/corporate bonds (including foreign bonds), whose premium or discount represents the interest adjustment, are valued at the amortized cost, determined by the moving average method, and all others are valued at cost using the moving average method. Net unrealized gains or losses on these available-for-sale securities are presented as a separate component of net assets and not in the non-consolidated statements of earnings.

The amortization of premium or discount is calculated by the straight-line method.

(2) Policy-reserve-matching Bonds

The Dai-ichi Mutual Life Insurance Company (the “Company”) classifies yen-denominated bonds that are held to match the duration of sub-groups of (i) individual life insurance and annuities with the maturity of 10 years or less, (ii) individual life insurance and annuities with the maturity of more than 10 years and within 40 years, (iii) financial insurance and annuities, and (iv) employee-funded corporate pension contracts, with the exception of some insurance types, as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry” issued by the Japanese Institute of Certified Public Accountants (JICPA).

The total of policy-reserve-matching bonds as of September 30, 2006 amounted to ¥4,707,447 million. The market value of these bonds as of September 30, 2006 was ¥4,757,090 million.

(3) Valuation Methods of Derivative Transactions

Derivative transactions are reported at fair value.

(4) Revaluation of Land

Based on the “Law for Revaluation of Land” (Publicly Issued Law 34, March 31, 1998), the Company revalued land for business use. The difference between fair value and book value resulting from the revaluation, net of related deferred taxes, is recorded as reserve for land revaluation as a separate component of net assets and the related deferred tax liability is recorded as deferred tax liabilities for land revaluation.

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land

The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.

The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of September 30, 2006 was ¥55,744 million.

(5) Depreciation of Tangible Fixed Assets

Depreciation of buildings (excluding leasehold improvements and structures) is calculated by the straight-line method, while depreciation of assets other than buildings is determined by the declining balance method. Tangible fixed assets, excluding lands and buildings, acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

(6) Amortization of Software Costs

The Company uses the straight-line method of amortization for the software, which is reported as intangible fixed assets, based on the estimated useful life of five years.

(7) Translation of Assets and Liabilities Denominated in Foreign Currencies to Yen

Foreign currency-denominated assets and liabilities are translated to yen at the prevailing exchange rate at the end of the interim period. Stocks of subsidiaries and affiliated companies are translated to yen at the exchange rate on the date of acquisition.

(8) Reserves

i) Reserve for Possible Loan Losses

Reserve for possible loan losses is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

For loans to and claims on obligors that have already experienced bankruptcy, reorganization, or other formal legal failure (hereafter, “bankrupt obligors”) and loans to and claims on obligors that have suffered substantial business failure (hereafter, “substantially bankrupt obligors”), the reserve is calculated by deducting the estimated recoverable amount of the collateral or guarantees from the book value of the loans and claims after the direct write-off described below.

For loans and claims to obligors that have not yet suffered business failure but are considered highly likely to fail (hereafter, “obligors at risk of bankruptcy”), the reserve is calculated by deducting the estimated recoverable amount, determined based on an overall assessment of the obligor’s ability to pay and collateral or guarantees, from book value of the loans and claims.

For other loans and claims, the reserve is calculated by multiplying the actual rate or other appropriate rate of losses from bad debts during a certain period in the past by the amount of the loans and claims.

For all loans and claims, the relevant department in the Company performs an asset quality assessment based on the internal rules for self-assessment, and an independent audit department audits the result of the assessment. The above reserves are established based on the result of this assessment.

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2006 was ¥9,079 million.

ii) Reserve for Possible Investment Losses

A reserve for possible investment losses is established for securities with no market value. It is calculated based on the internal rules for self-assessment, write-offs and reserves on assets.

iii) Reserve for Employees’ Retirement Benefits

For the reserve for employees' retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits ("Statement on Establishing Accounting Standards for Retirement Benefits" issued on June 16, 1998 by the Business Accounting Council) is provided, based on the estimation of projected benefit obligations and pension assets as of March 31, 2007.

Gains on plan amendments are amortized by the straight-line method over certain years based on employees' average remaining length of service.

Actuarial differences are amortized from the following fiscal year over certain years based on employees' average remaining length of service.

(9) Reserve for Price Fluctuations

A reserve for price fluctuations is calculated substantially in accordance with Article 115 of the Insurance Business Law.

(10) Lease Transactions

Financial leases, other than those whose ownership transfer to the lessee are accounted for in the same manner applicable to ordinary operating leases.

(11) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the "Statement on Establishment of Accounting Standards for Financial Products" issued on January 22, 1999 by the Business Accounting Council. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain loans and government and corporate bonds; the currency allotment method is used for cash flow hedges by foreign currency swaps and other instruments against exchange rate fluctuations in certain foreign currency-denominated loans and deposits; and the fair value hedge method is used for hedges by foreign currency forward contracts and other instruments against exchange rate fluctuations in the value of certain foreign currency-denominated securities. Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

(12) Calculation of National and Local Consumption Tax

The Company accounts for national and local consumption tax by the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over 5 years in accordance with the Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

(13) Policy Reserves

Policy reserves of the Company are established in accordance with Article 116 of the Insurance Business Law. Insurance premium reserves are calculated as follows:

- Reserves for policies subject to the standard policy reserve rules are calculated based on the methods stipulated by the Commissioner of Financial Services Agency (Notification of the Minister of Finance No. 48, 1996).
- Reserves for other policies are established based on the net level premium method.

(14) Corporate Income Taxes and Resident Taxes

Corporate income taxes and resident taxes, including taxes deferred, for the six months ended September 30, 2006 are calculated based on the estimated provision for or reversal of reserves for tax basis adjustments of real estate and reserve for policyholder dividends, and estimated interest payment for foundation funds, in the appropriation of net surplus at the fiscal year end.

(15) Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Changes in Presentation

(1) Reserve for Retirement Benefits of Directors and Executive Officers

Retirement benefits of directors and executive officers, formerly recognized as expenses when they are paid, were abolished, and payment of benefits for past service upon retirement was approved by the general meeting of representative policyholders held for the fiscal year ended March 31, 2006. As a result of such a change, the amount of benefits for past service was provided for a reserve. The amount of ¥141 million for past service during the six months ended September 30, 2006 is reported as an operating expense, while the amount of ¥1,720 million for past service during and before the fiscal year ended March 31, 2006 is reported as an extraordinary expense. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. decreased by ¥141 million and ¥1,862 million, respectively.

(2) Compound Financial Instruments

Effective the interim period ended September 30, 2006, the Company applied “Guidance on Accounting for other Compound Financial Instruments (Compound Financial Instruments Other than Those with Option to Increase Paid-in Capital) (ASBJ Guidance No.12, March 30, 2006)”. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥444 million.

(3) Net Assets

Effective the interim period ended September 30, 2006, the Company applied “Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No.5, December 9, 2005)” and “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No.8, December 9, 2005)”. Amount of capital by the former accounting standard as of September 30, 2006 is ¥2,519,647 million.

(4) Fixed Assets

Effective the interim period ended September 30, 2006, in accordance with the revised format attached to the Enforcement Regulations of the Insurance Business Law (Article 59 of the Cabinet Office Ordinance, April 27, 2006), presentations in the non-consolidated balance sheet were revised as follows:

- ‘Real estate and movable assets’ was revised to ‘tangible fixed assets’.
- ‘Intangible fixed assets’ included in ‘other assets’ was independently reported as ‘intangible fixed assets’. The amount of intangible fixed assets included in other assets as of September 30, 2005 was ¥97,802 million.

(5) Bonds

Effective the interim period ended September 30, 2006, ‘subordinated bonds’ in liabilities, formerly reported in face value, was presented in net amount after deducting discount on bonds, in accordance with “Tentative Solution on Accounting for Deferred Assets” issued on August 11, 2006 by ASBJ. The amount of discount on bonds deducted from bonds was ¥18 million.

3. Accounting for Beneficial Interests in Securitized Mortgage Loans

The trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by the Company in August 2000, amounted to ¥26,143 million as of September 30, 2006 and are included as loans in the non-consolidated balance sheet. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balance of the underlying loans in the trust as of September 30, 2006 was ¥93,111 million.

4. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent was ¥645,018 million.

5. Problem Loans

The total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, amounted to ¥20,543 million. The amount of credits to bankrupt borrowers was ¥4,278 million, the amount of delinquent loans was ¥13,140 million, the amount of loans past due for three months or more was ¥1,378 million, and the amount of restructured loans was ¥1,746 million.

Credits to bankrupt borrowers represent non-accrual loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96, Paragraph 1, Item 3 and 4 of the Enforcement Ordinance of the Corporation Tax Law. Accruals of such loans are suspended since the principal of or interest on such loans is unlikely to be collected.

Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.

Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those loans classified as credits to bankrupt borrowers or delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

As a result of the direct write-off of loans described in 1.(8) i) above, credits to bankrupt borrowers and delinquent loans decreased by ¥6,015 million and ¥3,064 million, respectively.

6. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of September 30, 2006 was ¥581,741 million.

7. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Law was ¥1,671,664 million. Separate account liabilities were the same amount as separate account assets.

8. Leased Computers

In addition to tangible fixed assets included in the non-consolidated balance sheet, the Company has computers as significant leased tangible fixed assets.

9. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Millions of yen)	
Balance at the end of previous fiscal year	¥	372,182
Transfer from surplus in previous fiscal year		112,247
Dividends paid in the interim period		(78,825)
Interest accrual in the interim period		5,847
		<hr/>
Balance at the end of the interim period	¥	<u>411,452</u>

10. Stocks of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies the Company held was ¥30,152 million.

11. Assets Pledged as Collateral / Secured Liabilities

Amount of securities and cash/deposits pledged as collateral was ¥49,805 million and ¥86 million, respectively. Secured liabilities totaled ¥52 million.

12. Reinsurance

Reserve for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Law, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserve for outstanding claims reinsured”) was not provided. The amount of policy reserve provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserve reinsured”) was ¥0 million.

13. Additional Foundation Funds

The Company raised additional foundation funds of ¥60,000 million, in accordance with Article 60 of the Insurance Business Law.

14. Redemption of Foundation Funds and Provision for Accumulated Redeemed Foundation Funds

Due to the redemption of foundation funds of ¥30,000 million, the Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

15. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥25,854 million.

16. Subordinated Debt

Other liabilities included subordinated debt of ¥130,000 million whose repayment is subordinated to other obligations.

17. Subordinated Bonds

Subordinated bonds of ¥58,931 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$500 million whose repayment is subordinated to other obligations.

18. Obligations to the Life Insurance Policyholders Protection Corporation of Japan

The future obligations of the Company estimated as of September 30, 2006, imposed by the former Insurance Policyholders Protection Fund that has been taken over by the Life Insurance Policyholders Protection Corporation of Japan based on the Supplementary Provision 140 Paragraph 5 of the Financial System Reform Law, amount to ¥3,298 million. These obligations will be recognized as operating expenses in the years in which they are paid.

The future obligations of the Company estimated as of September 30, 2006 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥65,285 million. These obligations will be recognized as operating expenses in the years in which they are paid.

II. Notes to the Unaudited Interim Non-Consolidated Statement of Earnings for the six months ended September 30, 2006

1. Yen Amounts

Yen amounts of less than ¥1 million have been omitted.

2. Change in Presentation

Effective the interim period ended September 30, 2006, in accordance with the revised format attached to the Enforcement Regulations of the Insurance Business Law (Article 59 of the Cabinet Office Ordinance, April 27, 2006), the last item in the bottom of the statement of earnings was revised to end by 'net surplus for the period'.

3. Transactions with Subsidiaries and Affiliated Companies

Total revenues and expenses from transactions with subsidiaries and affiliated companies amounted to ¥1,932 million and ¥12,546 million, respectively.

4. Gains on Sale of Securities

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥2,818 million, ¥77,453 million and ¥52,121 million, respectively.

5. Losses on Sale of Securities

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥79,635 million, ¥76 million and ¥34,128 million, respectively.

6. Losses on Valuation of Securities

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥4,206 million and ¥704 million, respectively.

7. Reinsurance

In calculating reversal of reserves for outstanding claims, there was no adjustment of provision for reserve for outstanding claims reinsured. In calculating provision for policy reserves, reversal of policy reserve reinsured of ¥0 million was added back.

8. Interest and Dividends

Major components of interest and dividends for the six months ended September 30, 2006 were as follows:

	(Millions of yen)	
Interest from bank deposits	¥	2,323
Interest and dividends from securities		272,833
Interest from loans		53,226
Rental income		26,205
Other interest and dividends		4,569
		<hr/>
Total	¥	359,157
		<hr/>

9. Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥2,428 million.

10. Derivative Transaction Losses

Derivative transaction losses included valuation losses of ¥8,649 million.

11. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the six months ended September 30, 2006 were as follows:

(1) Method of Grouping Assets

Real estate and other assets used for insurance business purposes are recognized as one asset group. Each real estate for rent and real estate not in use, which is not used for insurance business purposes, is deemed as an independent asset group.

(2) Background for Recognition of Impairment Losses

As a result of significant decline in profitability or market value in some asset groups, the Company wrote down the book value of these assets to the recoverable value, and reported such reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Amount of impairment losses by asset group was as follows:

Asset Group	Number	Impairment Losses				(Millions of yen)
		Lands	Land Leasing Rights	Buildings	Total	
Real estate not in use	7	¥ 224	¥ 1	¥ 120	¥ 345	

(4) Calculation of Recoverable Value

Value in use or net sale value is used as recoverable value of real estate for rent, and net sale value is used as recoverable value of real estate not in use. Discount rate of 3.24% is applied for discounting future cash flows in calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as net sales value.

5. Breakdown of Net Surplus from Operations (Fundamental Profit)

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Year ended March 31, 2006
Fundamental revenues	2,383,427	2,153,006	4,872,600
Premium and other income	1,684,880	1,671,753	3,400,393
Investment income	467,409	361,949	1,010,418
[Interest and dividends]	[319,899]	[359,157]	[687,293]
Other ordinary revenues	231,136	119,302	461,788
[Transfer from policy reserves]	[-]	[-]	[-]
Fundamental expense	2,160,927	1,897,863	4,403,105
Benefits and claims	1,485,678	1,112,981	2,782,498
Provision for policy reserves and others	243,270	330,083	743,990
Investment iexpenses	22,129	29,283	38,525
Operating expenses	205,270	208,890	419,539
Other ordinary expenses	204,579	216,625	418,551
Fundamental profit	A	222,499	469,495
Capital gains	50,208	132,393	144,220
Gains on money held in trust	727	-	2,583
Gains on investments in trading securities	-	-	-
Gains on sale of securities	49,481	132,393	141,636
Derivative transaction gains	-	-	-
Foreign exchange gains	-	-	-
Gains on trading account securities	-	-	-
Others	-	-	-
Capital losses	83,154	183,269	218,533
Losses on money held in trust	-	2,569	-
Losses on investments in trading securities	-	-	-
Losses on sale of securities	34,337	113,841	113,292
Losses on valuation of securities	2,023	4,910	2,164
Derivative transaction losses	9,555	22,219	22,195
Foreign exchange losses	37,237	39,728	80,881
Losses on trading account securities	-	-	-
Others	-	-	-
Net capital gains	B	(32,945)	(74,313)
Fundamental profit plus net capital gains	A+B	189,553	395,182
Other one-time gains	-	-	-
Reinsurance income	-	-	-
Reversal of contingency reserve	-	-	-
Others	-	-	-
Other one-time losses	108,570	102,509	173,639
Ceding reinsurance commissions	-	-	-
Provision for contingency reserve	108,500	102,500	173,502
Provision for specific reserve for possible loan losses	-	-	-
Provision for specific reserve for loans to refinancing countries	-	-	-
Write-down of loans	6	9	30
Others	64	-	106
Other one-time profits	C	(108,570)	(173,639)
Net surplus from operations	A+B+C	80,982	221,542

Note: 'Others' in other one-time losses represents provision for reserve for possible investment losses.

6. Investment of General Account Assets for the Six Months Ended September 30, 2006

(1) Investment Environment

Japanese economy sustained healthy recovery in the first half of the fiscal year, due to strong domestic and foreign demands. In addition to steady exports, capital investment that is stimulated by rich corporate cash flows and increasing growth expectations also resulted in sound economic growth. Consumer spending, although temporarily impacted by unfavorable weather, also remained stable supported by improved employment environment.

Although U.S. economy faced interest rate hike and resulting decrease in housing constructions, increasing corporate earnings and cash flow growth contributed to strong capital investment. Along with steady consumer spending, which sustained annualized growth of 3% due to continuous improvement in employment and personal income conditions, U.S. economy was able to keep steady growth during the period.

Under the economic environment described above, investment environment was as follows:

[Domestic interest rate]

Yield on ten year government bonds stayed around 1.8 - 2.0% range at the beginning of the period, influenced by expectation on possible tightening policy by Bank of Japan and stock market trends. Since July, however, the yield turned to decline in parallel with the U.S. treasury yield, and downward revision of consumer price index led the yield on ten year JGB to temporarily hit 1.6% level.

Yield on ten-year government bonds:	March 31, 2006	1.765%
	September 30, 2006	1.665%

[Domestic Stocks]

Although Nikkei 225 was stable at ¥17,000 level at the beginning of the period, it dropped sharply to ¥14,000 level in mid-June following decline in global stock markets that is caused by concerns against possible inflation. The index rallied after the U.S. stock market hit the bottom, and also supported by steady domestic demand, it recovered ¥16,000 level at the end of the period.

Nikkei 225 Stock Average:	March 31, 2006	¥ 17,059
	September 30, 2006	¥ 16,127
TOPIX:	March 31, 2006	1,728
	September 30, 2006	1,610

[Foreign Currency]

U.S. dollar temporarily dropped to ¥109 level against yen, reflecting expectation for yen appreciation after G7 statement and possible early tightening by Bank of Japan. However, factors such as market expectation on continuous U.S. tightening policy, issues surrounding North Korea, and selling pressure on yen based on interest rate differentials, resulted in recovery of U.S. dollar to ¥118 level against yen.

Euro, once dropped to ¥140 level against yen, turned to surge following North Korean crisis and expectation for tightening policy by ECB, and once hit ¥150, the highest level since the start of Euro.

yen/U.S. dollar:	March 31, 2006	¥117.47
	September 30, 2006	¥117.90
yen/euro:	March 31, 2006	¥142.81
	September 30, 2006	¥149.77

(2) Investment Results

[Asset Composition]

The Company continued to set fixed income investments, including bonds and loans, as a core of

its asset portfolio, consistent with its mid- to long-term investment policies. The Company actively increased its position in policy-reserve-matching bonds by purchasing long-term and super-long-term domestic bonds, in order to further enhance Asset Liability Management (ALM) strategy and to improve profitability.

The table below summarizes the investment results of general account by asset:

Assets	Investment results
Domestic bonds	In increasing investment in domestic bonds, the Company actively replaced low-yield bonds with policy-reserve-matching bonds with longer duration, based on ALM strategy. The Company also made efforts to improve investment yields by carefully selecting and diversifying among various credit risk products including corporate bonds and asset backed securities, in accordance with the risk adjusted credit spread guidelines.
Loans	Although total balance of loans decreased due to contractual maturities and other factors, the Company maintained high profitability by setting adequate risk adjusted spreads, while also paying attention to the credit spread changes in the bond market. The Company also maintained the quality of its loan portfolio by controlling problem loans throughout the period.
Domestic stocks	While having maintained its total exposure on domestic stocks under its mid- to long-term policy to control stock-related risks, the Company replaced some companies and sectors to those with high competitiveness and growth potential, taking into account the analysis by in-house analysts.
Foreign bonds	The Company maintained its investment in foreign currency-denominated bonds. While the Company increased exposure in such bonds with currency risk un-hedged during appreciation of yen against U.S. dollar, it reduced those with currency hedges due to increasing differentials between domestic and foreign interest rates. However, decrease in yen-denominated foreign bonds contributed to the decline in total balance. The Company cautiously controlled related risks by diversifying portfolio by sector and currency.
Foreign Stocks	The Company increased its investment in foreign stocks, adopting independent investment advisors as well as in-house managers to enhance diversified geographic allocation and investment styles.
Real Estate	By renegotiating rent and improving vacancy rate of existing real estate portfolio, the Company pursued for high profitability. While the total balance remained unchanged, the Company replaced low return real estate with one with high risk-return profiles.

Note: Changes in assets are described in book value basis.

[Investment income and expenses]

Timely replacement of low-yield domestic bonds with policy-reserve-matching bonds with longer duration, increase in foreign bonds un-hedged, and increase in dividends from domestic stocks, led the Company to enjoy increase in income from interest and dividends compared to the previous interim period ended September 30, 2005. Along with other factors, including increased gains on sale of domestic stocks and foreign bonds, investment income increased by ¥120,869 million, or 32.4% to ¥494,343 million. On the other hand, investment losses increased by ¥98,584 million, or 93.6% to ¥203,938 million, mainly due to increase in losses on sale of domestic bonds. As a result, net investment income increased by ¥22,285 million, or 8.3% to ¥290,404 million for the six months ended September 30, 2006.

(3) Investment Environment Outlook for the Six Months Ending March 31, 2007

Japanese economy in the second half of the fiscal year is likely to show steady growth. While possible slow down in the U.S. economy and production adjustment in the technology sector might have adverse impact on recovery rate, domestic demands including capital investment and consumer spending are

likely to support the economy. Specifically, capital investment will continue to be strong due to high corporate earnings and increased growth expectations. Recovery in consumer spending is also expected, driven by gradual improvement in employment and personal income conditions.

[Domestic interest rate]

Healthy growth in Japanese economy, as well as positive trends in consumer price, are likely to put gradual upward pressure on domestic interest rates. However, strong demand of bonds investors at interest rate level of over 2.0% would limit a room for interest rate to rise significantly at such level.

[Domestic stocks]

Domestic stock market is likely to rise gradually throughout the year, reflecting steady capital investment, improved consumer spending, and healthy growth in corporate earnings, although concerns remain for the U.S. economy to slow down.

[Foreign currency]

The U.S. dollar will likely face temporal downward pressure against yen due to huge U.S. current deficit. However, dramatic weakening of U.S. dollar is unlikely because of wide interest rate differentials between the two countries. Upward pressure on Euro will become weaker, taking into account recent critical comments made by Euro officials against Euro appreciation.

(4) Investment Policies for the Six Months Ending March 31, 2007

The Company will continue to set fixed income investments, including bonds and loans, as a core of its asset portfolio, consistent with its mid- to long-term investment policies.

The table below summarizes the expected investments of general account by asset:

Assets	Investment policies
Domestic bonds	<u>Increase</u> The Company will increase its investment in domestic bonds, as a core asset under its ALM strategy, evenly throughout the year. When interest rate rises, the Company will accelerate its investment in bonds with longer duration.
Loans	<u>Decrease</u> The Company will provide loans with attention to lending conditions and credit spread levels in the corporate bond market. However, total balance of loans is expected to decrease due to maturity structure.
Domestic stocks	<u>Flat</u> The Company will maintain exposure in stock holdings at the present level, although the market is expected to show steady performance. The Company will also make effort to improve profitability by actively selecting companies and sectors with growth potential.
Foreign bonds	<u>Flat</u> Under a perspective that foreign interest rates and exchange rates will remain stable, the Company will maintain foreign currency-denominated bond portfolio at the present level, which contributes to diversification and better risk-return profile of the overall asset portfolio. The Company will carefully monitor domestic and foreign interest rate differentials as well as foreign currency exchange rates.
Foreign Stocks	<u>Slight increase</u> Taking into account steady growth in global economy and corporate earnings, the Company will slightly increase its exposure in foreign stocks. The Company also continues to seek regional diversification, as well as investment style diversification by utilizing both in-house managers and independent investment advisors.

7. Investment Results of General Account

(1) Asset Composition (General Account)

(Millions of yen)

	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Carrying value	%	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	347,577	1.2	488,675	1.6	460,777	1.5
Security repurchased under resale agreements	-	-	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-	-	-
Monetary claims bought	430,342	1.5	522,871	1.7	548,068	1.8
Trading account securities	-	-	-	-	-	-
Money held in trust	6,911	0.0	31,282	0.1	33,854	0.1
Securities	20,997,933	72.0	23,030,480	74.1	22,410,612	72.7
Domestic bonds	9,701,811	33.3	11,191,882	36.0	10,486,322	34.0
Domestic stocks	4,735,263	16.2	5,727,436	18.4	5,784,498	18.8
Foreign securities	6,289,318	21.6	5,761,478	18.5	5,828,533	18.9
Foreign bonds	5,602,182	19.2	4,769,909	15.4	4,958,780	16.1
Foreign stocks and other securities	687,136	2.4	991,568	3.2	869,753	2.8
Other securities	271,539	0.9	349,684	1.1	311,257	1.0
Loans	5,759,721	19.8	5,439,788	17.5	5,561,219	18.0
Policy loans	708,399	2.4	683,358	2.2	685,964	2.2
Ordinary loans	5,051,321	17.3	4,756,430	15.3	4,875,254	15.8
Real estate	1,225,456	4.2	1,175,910	3.8	1,205,626	3.9
Real estate for rent	772,613	2.7	735,710	2.4	755,358	2.4
Deferred tax assets	-	-	-	-	-	-
Others	392,256	1.3	394,036	1.3	625,103	2.0
Reserve for possible loan losses	(12,296)	(0.0)	(9,252)	(0.0)	(11,169)	(0.0)
Total	29,147,905	100.0	31,073,794	100.0	30,834,094	100.0
Foreign currency-denominated assets	5,374,194	18.4	4,983,407	16.0	4,818,419	15.6

Note: 'Real estate' represents total amount of land, buildings and construction in progress.

(2) Changes (Increase/Decrease) in Assets (General Account)

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Year ended March 31, 2006
Cash, deposits, and call loans	(62,451)	27,897	50,748
Security repurchased under resale agreements	-	-	-
Deposit paid for securities borrowing transactions	(20,298)	-	(20,298)
Monetary claims bought	(89,779)	(25,196)	27,945
Trading account securities	-	-	-
Money held in trust	803	(2,571)	27,746
Securities	846,171	619,867	2,258,850
Domestic bonds	4,651	705,559	789,162
Domestic stocks	448,249	(57,062)	1,497,483
Foreign securities	381,028	(67,055)	(79,756)
Foreign bonds	252,528	(188,871)	(390,873)
Foreign stocks and other securities	128,500	121,815	311,117
Other securities	12,242	38,426	51,960
Loans	(44,081)	(121,430)	(242,584)
Policy loans	(4,039)	(2,606)	(26,474)
Ordinary loans	(40,042)	(118,824)	(216,110)
Real estate	(16,136)	(29,715)	(35,966)
Real estate for rent	(8,996)	(19,648)	(26,252)
Deferred tax assets	-	-	-
Others	14,559	(231,067)	247,406
Reserve for possible loan losses	1,915	1,916	3,042
Total	630,700	239,699	2,316,889
Foreign currency-denominated assets	343,514	164,988	(212,260)

Note: 'Real estate' represents total amount of land, buildings and construction in progress.

(3) Investment Income (General Account)

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Year ended March 31, 2006
Interest and dividends	319,899	359,157	687,293
Interest from deposits	16	2,323	54
Interest and dividends from securities	234,391	272,833	516,872
Interest from loans	55,562	53,226	109,383
Rental income	26,539	26,205	53,467
Other interest and dividends	3,389	4,569	7,515
Gains on trading account securities	-	-	-
Gains on money held in trust	727	-	2,583
Gains on investments in trading securities	-	-	-
Gains on sale of securities	49,481	132,393	141,636
Gains on sale of domestic bonds	7,364	2,818	9,639
Gains on sale of domestic stocks	9,922	77,453	79,397
Gains on sale of foreign securities	32,194	52,121	52,600
Others	-	-	-
Gains on redemption of securities	3,071	2,684	8,406
Derivative transaction gains	-	-	-
Foreign exchange gains	-	-	-
Other investment income	294	107	651
Total	373,473	494,343	840,571

(4) Investment Expense (General Account)

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Year ended March 31, 2006
Interest expenses	3,841	4,135	7,599
Losses on trading account securities	-	-	-
Losses on money held in trust	-	2,569	-
Losses on investments in trading securities	-	-	-
Losses on sale of securities	34,337	113,841	113,292
Losses on sale of domestic bonds	8,956	79,635	49,747
Losses on sale of domestic stocks	10,438	76	30,854
Losses on sale of foreign securities	14,943	34,128	32,690
Others	-	-	-
Losses on valuation of securities	2,023	4,910	2,164
Losses on valuation of domestic bonds	86	-	-
Losses on valuation of domestic stocks	803	4,206	881
Losses on valuation of foreign securities	1,133	704	1,283
Others	-	-	-
Losses on redemption of securities	57	99	64
Derivative transaction losses	9,555	22,219	22,195
Foreign exchange losses	37,237	39,728	80,881
Provision for reserve for possible loan losses	-	-	-
Provision for reserve for possible investment losses	64	-	106
Write-down of loans	6	9	30
Depreciation of rental real estate and others	7,842	7,091	15,406
Other investment expenses	10,387	9,333	15,455
Total	105,354	203,938	257,195

(5) Net Investment Income (General Account)

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Year ended March 31, 2006
Net investment income	268,119	290,404	583,376

(6) Valuation Gains and Losses on Trading Securities (General Account)

(Millions of yen)

	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	5,346	592	29,593	(2,429)	32,207	1,889
Money held in trust	5,346	592	29,593	(2,429)	32,207	1,889

Note: 'Valuation gains (losses) included in statement of earnings' include reversal gains (losses) at the beginning of the period.

(7) Fair Value Information on Securities (General Account) (securities with fair value except for trading securities)

(Millions of yen)

	Book value	Fair value	Gains (losses)	
			Gains	Losses
As of September 30, 2005				
Bonds held to maturity	179,631	175,471	(4,160)	4,920
Domestic bonds	121,748	119,729	(2,018)	2,778
Foreign bonds	57,883	55,741	(2,141)	2,141
Policy-reserve-matching bonds	3,896,716	3,978,565	81,848	15,130
Domestic bonds	3,896,716	3,978,565	81,848	15,130
Stocks of subsidiaries and affiliates	-	-	-	-
Securities available for sale	14,632,977	16,727,824	2,094,846	114,534
Domestic bonds	5,604,359	5,683,271	78,912	9,204
Domestic stocks	2,920,432	4,645,075	1,724,643	76,060
Foreign securities	5,721,568	6,001,666	280,098	28,740
Foreign bonds	5,319,301	5,544,298	224,997	26,002
Foreign stocks and other securities	402,266	457,367	55,100	2,737
Other securities	219,621	230,814	11,192	529
Monetary claims bought	101,995	101,995	-	-
Certificates of deposit	65,000	65,000	-	-
Others	-	-	-	-
Total	18,709,325	20,881,860	2,172,535	134,585
Domestic bonds	9,622,823	9,781,566	158,742	27,113
Domestic stocks	2,920,432	4,645,075	1,724,643	76,060
Foreign securities	5,779,451	6,057,408	277,956	30,882
Foreign bonds	5,377,185	5,600,040	222,855	28,144
Foreign stocks and other securities	402,266	457,367	55,100	2,737
Other securities	219,621	230,814	11,192	529
Monetary claims bought	101,995	101,995	-	-
Certificates of deposit	65,000	65,000	-	-
Others	-	-	-	-
As of September 30, 2006				
Bonds held to maturity	182,436	175,291	(7,145)	7,502
Domestic bonds	122,304	118,274	(4,030)	4,387
Foreign bonds	60,131	57,016	(3,115)	3,115
Policy-reserve-matching bonds	4,707,447	4,757,090	49,643	11,315
Domestic bonds	4,707,447	4,757,090	49,643	11,315
Stocks of subsidiaries and affiliates	-	-	-	-
Securities available for sale	14,835,807	17,947,310	3,111,503	58,799
Domestic bonds	6,304,486	6,362,129	57,643	15,465
Domestic stocks	2,959,906	5,638,719	2,678,813	25,172
Foreign securities	5,002,609	5,355,632	353,022	18,097
Foreign bonds	4,469,940	4,709,777	239,837	16,435
Foreign stocks and other securities	532,669	645,855	113,185	1,661
Other securities	230,843	252,866	22,023	64
Monetary claims bought	172,962	172,962	-	-
Certificates of deposit	165,000	165,000	-	-
Others	-	-	-	-
Total	19,725,691	22,879,693	3,154,001	77,617
Domestic bonds	11,134,238	11,237,495	103,256	31,168
Domestic stocks	2,959,906	5,638,719	2,678,813	25,172
Foreign securities	5,062,741	5,412,649	349,907	21,212
Foreign bonds	4,530,072	4,766,794	236,722	19,551
Foreign stocks and other securities	532,669	645,855	113,185	1,661
Other securities	230,843	252,866	22,023	64
Monetary claims bought	172,962	172,962	-	-
Certificates of deposit	165,000	165,000	-	-
Others	-	-	-	-

(Millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2006					
Bonds held to maturity	182,018	173,223	(8,795)	79	8,875
Domestic bonds	122,026	117,446	(4,580)	79	4,660
Foreign bonds	59,992	55,776	(4,215)	-	4,215
Policy-reserve-matching bonds	4,229,463	4,273,708	44,245	59,538	15,293
Domestic bonds	4,229,463	4,273,708	44,245	59,538	15,293
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	14,755,042	17,854,410	3,099,367	3,208,542	109,174
Domestic bonds	6,136,573	6,134,832	(1,740)	44,043	45,784
Domestic stocks	2,865,209	5,695,211	2,830,002	2,840,359	10,356
Foreign securities	5,205,085	5,451,941	246,856	299,733	52,877
Foreign bonds	4,745,547	4,898,788	153,241	204,169	50,928
Foreign stocks and other securities	459,538	553,153	93,614	95,564	1,949
Other securities	248,182	272,431	24,249	24,405	155
Monetary claims bought	169,992	169,992	-	-	-
Certificates of deposit	130,000	130,000	-	-	-
Others	-	-	-	-	-
Total	19,166,524	22,301,342	3,134,817	3,268,161	133,343
Domestic bonds	10,488,062	10,525,987	37,924	103,662	65,737
Domestic stocks	2,865,209	5,695,211	2,830,002	2,840,359	10,356
Foreign securities	5,265,077	5,507,718	242,640	299,733	57,093
Foreign bonds	4,805,539	4,954,565	149,025	204,169	55,144
Foreign stocks and other securities	459,538	553,153	93,614	95,564	1,949
Other securities	248,182	272,431	24,249	24,405	155
Monetary claims bought	169,992	169,992	-	-	-
Certificates of deposit	130,000	130,000	-	-	-
Others	-	-	-	-	-

Note: 1. The table above includes assets, such as certificates of deposit, which are considered appropriate to deem as securities, as defined in the Securities and Exchange Law.
2. Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of September 30, 2005, 2006 and as of March 31, 2006 amounted to 1,564 million yen, 1,689 million yen and 1,647 million yen, respectively.

* Carrying values of securities without fair value are as follows:

(Millions of yen)

	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Bonds held to maturity	-	-	-
Unlisted foreign bonds	-	-	-
Others	-	-	-
Policy-reserve-matching bonds	-	-	-
Stocks of subsidiaries and affiliates	29,049	30,152	26,154
Unlisted domestic stocks (except over-the-counter stocks)	20,835	19,384	19,334
Unlisted foreign stocks (except over-the-counter stocks)	8,214	6,820	6,820
Others	-	3,948	-
Other securities	515,079	761,234	661,661
Unlisted domestic stocks (except over-the-counter stocks)	69,352	69,332	69,953
Unlisted foreign stocks (except over-the-counter stocks)	221,563	338,893	309,779
Unlisted foreign bonds	0	0	0
Others	224,162	353,008	281,928
Total	544,128	791,387	687,815

Note: The table above includes assets, such as certificates of deposit, which are considered appropriate to deem as securities, as defined in the Securities and Exchange Law.

(reference) Fair value information of securities, taking into account foreign exchange valuation gains (losses) of foreign securities without fair value which are listed on the table above, in addition to the figures in the table (7), is as follows:

(Millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2005					
Bonds held to maturity	179,631	175,471	(4,160)	760	4,920
Domestic bonds	121,748	119,729	(2,018)	760	2,778
Foreign bonds	57,883	55,741	(2,141)	-	2,141
Policy-reserve-matching bonds	3,896,716	3,978,565	81,848	96,978	15,130
Domestic bonds	3,896,716	3,978,565	81,848	96,978	15,130
Stocks of subsidiaries and affiliates	29,049	27,801	(1,248)	-	1,248
Domestic stocks	20,835	20,835	-	-	-
Foreign stocks	8,214	6,966	(1,248)	-	1,248
Other securities	-	-	-	-	-
Securities available for sale	15,148,056	17,242,893	2,094,837	2,209,381	114,544
Domestic bonds	5,604,433	5,683,346	78,912	88,117	9,204
Domestic stocks	2,989,785	4,714,428	1,724,643	1,800,703	76,060
Foreign securities	5,943,132	6,223,220	280,088	308,839	28,750
Foreign bonds	5,319,301	5,544,298	224,997	250,999	26,002
Foreign stocks and other securities	623,830	678,921	55,091	57,839	2,747
Other securities	260,347	271,539	11,192	11,721	529
Monetary claims bought	285,357	285,357	-	-	-
Certificates of deposit	65,000	65,000	-	-	-
Others	-	-	-	-	-
Total	19,253,454	21,424,731	2,171,277	2,307,120	135,843
Domestic bonds	9,622,898	9,781,641	158,742	185,856	27,113
Domestic stocks	3,010,620	4,735,263	1,724,643	1,800,703	76,060
Foreign securities	6,009,229	6,285,928	276,698	308,839	32,140
Foreign bonds	5,377,185	5,600,040	222,855	250,999	28,144
Foreign stocks and other securities	632,044	685,887	53,843	57,839	3,995
Other securities	260,347	271,539	11,192	11,721	529
Monetary claims bought	285,357	285,357	-	-	-
Certificates of deposit	65,000	65,000	-	-	-
Others	-	-	-	-	-
As of September 30, 2006					
Bonds held to maturity	182,436	175,291	(7,145)	357	7,502
Domestic bonds	122,304	118,274	(4,030)	357	4,387
Foreign bonds	60,131	57,016	(3,115)	-	3,115
Policy-reserve-matching bonds	4,707,447	4,757,090	49,643	60,958	11,315
Domestic bonds	4,707,447	4,757,090	49,643	60,958	11,315
Stocks of subsidiaries and affiliates	30,152	29,535	(617)	-	617
Domestic stocks	19,384	19,384	-	-	-
Foreign stocks	6,820	6,203	(617)	-	617
Other securities	3,948	3,948	-	-	-
Securities available for sale	15,597,041	18,708,544	3,111,503	3,170,302	58,799
Domestic bonds	6,304,486	6,362,129	57,643	73,108	15,465
Domestic stocks	3,029,238	5,708,052	2,678,813	2,703,985	25,172
Foreign securities	5,341,503	5,694,526	353,022	371,119	18,097
Foreign bonds	4,469,940	4,709,777	239,837	256,273	16,435
Foreign stocks and other securities	871,563	984,748	113,185	114,846	1,661
Other securities	323,712	345,735	22,023	22,088	64
Monetary claims bought	433,101	433,101	-	-	-
Certificates of deposit	165,000	165,000	-	-	-
Others	-	-	-	-	-
Total	20,517,078	23,670,463	3,153,384	3,231,618	78,234
Domestic bonds	11,134,238	11,237,495	103,256	134,425	31,168
Domestic stocks	3,048,623	5,727,436	2,678,813	2,703,985	25,172
Foreign securities	5,408,455	5,757,746	349,290	371,119	21,829
Foreign bonds	4,530,072	4,766,794	236,722	256,273	19,551
Foreign stocks and other securities	878,383	990,951	112,568	114,846	2,278
Other securities	327,660	349,684	22,023	22,088	64
Monetary claims bought	433,101	433,101	-	-	-
Certificates of deposit	165,000	165,000	-	-	-
Others	-	-	-	-	-

(Millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2006					
Bonds held to maturity	182,018	173,223	(8,795)	79	8,875
Domestic bonds	122,026	117,446	(4,580)	79	4,660
Foreign bonds	59,992	55,776	(4,215)	-	4,215
Policy-reserve-matching bonds	4,229,463	4,273,708	44,245	59,538	15,293
Domestic bonds	4,229,463	4,273,708	44,245	59,538	15,293
Stocks of subsidiaries and affiliates	26,154	25,367	(786)	-	786
Domestic stocks	19,334	19,334	-	-	-
Foreign stocks	6,820	6,033	(786)	-	786
Other securities	-	-	-	-	-
Securities available for sale	15,416,704	18,516,072	3,099,367	3,208,542	109,174
Domestic bonds	6,136,573	6,134,832	(1,740)	44,043	45,784
Domestic stocks	2,935,162	5,765,164	2,830,002	2,840,359	10,356
Foreign securities	5,514,865	5,761,721	246,855	299,733	52,877
Foreign bonds	4,745,547	4,898,788	153,241	204,169	50,928
Foreign stocks and other securities	769,318	862,933	93,614	95,564	1,949
Other securities	287,008	311,257	24,249	24,405	155
Monetary claims bought	413,095	413,095	-	-	-
Certificates of deposit	130,000	130,000	-	-	-
Others	-	-	-	-	-
Total	19,854,340	22,988,370	3,134,030	3,268,161	134,130
Domestic bonds	10,488,062	10,525,987	37,924	103,662	65,737
Domestic stocks	2,954,496	5,784,498	2,830,002	2,840,359	10,356
Foreign securities	5,581,677	5,823,531	241,853	299,733	57,880
Foreign bonds	4,805,539	4,954,565	149,025	204,169	55,144
Foreign stocks and other securities	776,138	868,966	92,827	95,564	2,736
Other securities	287,008	311,257	24,249	24,405	155
Monetary claims bought	413,095	413,095	-	-	-
Certificates of deposit	130,000	130,000	-	-	-
Others	-	-	-	-	-

- Note:
1. The table above includes assets, such as certificates of deposit, which are considered appropriate to deem as securities, as defined in the Securities and Exchange Law.
 2. Money held in trust classified as other than trading securities, in which bank deposits are held, is excluded from the table above. Book value, equivalent of fair value, of the trust as of September 30, 2005, 2006 and as of March 31, 2006 amounted to 1,564 million yen, 1,689 million yen and 1,647 million yen, respectively.

(8) Fair Value Information on Money Held in Trust (General Account)

(Millions of yen)

	Carrying value on the balance sheet	Fair value		Gains (losses)	
				Gains	Losses
As of September 30, 2005	6,911	6,911	592	785	193
As of September 30, 2006	31,282	31,282	(2,429)	1,152	3,582
As of March 31, 2006	33,854	33,854	1,889	2,114	224

Note: Fair value in the table above is based on the valuation conducted by the fiduciary on a reasonable basis.

'Gains (losses)' include gains (losses) from derivative transactions within the trusts.

* Information on money held in trust for investment purpose is as follows:

(Millions of yen)

	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	5,346	592	29,593	(2,429)	32,207	1,889

Note: 'Valuation gains (losses) included in the statement of earnings' include reversal gains (losses) at the beginning of the period.

* Information on money held in trust classified as held-to-maturity, policy-reserve-matching, and available-for-sale are as follows:

(Millions of yen)

	Book value	Fair value		Gains (losses)	
				Gains	Losses
As of September 30, 2005					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,564	1,564	-	-	-
As of September 30, 2006					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,689	1,689	-	-	-
As of March 31, 2006					
Trust held to maturity	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-
Trust available for sale	1,647	1,647	-	-	-

Note: Trust in which bank deposits are held is reported as 'Trust available for sale'.

(9) Total Net Unrealized Gains (Losses) of General Account Assets

(Millions of yen)

	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Securities	2,171,277	3,153,384	3,134,030
Domestic bonds	158,742	103,256	37,924
Domestic stocks	1,724,643	2,678,813	2,830,002
Foreign securities	276,698	349,290	241,853
Foreign bonds	222,855	236,722	149,025
Foreign stocks and other securities	53,843	112,568	92,827
Other securities	11,192	22,023	24,249
Real estate	(52,613)	13,005	1,313
Total (including others not listed above)	2,118,999	3,165,327	3,131,662

Note: 1. Foreign exchange valuation gains (losses) only are taken into account for foreign securities without fair value.

2. Difference between the book value before revaluation and fair value is reported as unrealized gains (losses) of real estate.

8. Disclosed Claims Based on Categories of Obligors

		(Millions of yen)		
		As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
	Claims against bankrupt and quasi-bankrupt obligors	6,079	5,277	4,895
	Claims with collection risk	15,278	12,142	14,741
	Claims for special attention	5,659	3,124	3,265
	Subtotal (I)	27,017	20,544	22,901
	[Percentage (I)/(II)]	[0.43]	[0.34]	[0.37]
	Claims against normal obligors	6,250,848	6,107,287	6,182,171
	Total (II)	6,277,865	6,127,831	6,205,073

- Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.
2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.
3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.
4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

		(Millions of yen)		
		As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
	Credits to bankrupt borrowers (I)	1,212	4,278	1,067
	Delinquent loans (II)	20,140	13,140	18,566
	Loans past due for three months or more (III)	923	1,378	1,131
	Restructured loans (IV)	4,735	1,746	2,134
	Total ((I)+(II)+(III)+(IV))	27,012	20,543	22,899
	[Percentage of total loans]	[0.47]	[0.38]	[0.41]

- Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers and delinquent loans for the six month ended September 30, 2005 were ¥6,751 million and ¥6,709 million, respectively. The write-offs of those loans for the six months ended September 30, 2006 were ¥6,015 million and ¥3,064 million, respectively. The write-offs of those loans for the fiscal year ended March 31, 2006 were ¥1,854 million and ¥7,175 million, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

10. Solvency Margin Ratio

(Millions of yen)

	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Total solvency margin (A)	4,134,033	5,423,916	5,239,967
Total net assets (less certain items) *1	504,895	547,411	420,759
Reserve for price fluctuations	186,953	199,953	193,453
Contingency reserve	693,108	860,610	758,110
General reserve for possible loan losses	4,514	4,804	5,152
Net unrealized gains on securities (before tax) x 90% *2	1,885,353	2,800,352	2,789,431
Net unrealized gains (losses) on real estate x 85% *2	(95,971)	11,054	(48,847)
Qualifying subordinated debt	186,595	188,931	188,735
Excluded items	(5,750)	(5,750)	(5,750)
Others	774,334	816,548	938,922
Total risk $\sqrt{R_1^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	852,727	987,615	956,568
Insurance risk R ₁	205,509	206,121	206,836
Assumed investment yield risk R ₂	165,404	164,653	164,769
Investment risk R ₃	637,542	773,732	742,873
Business risk R ₄	20,244	22,969	22,357
Guaranteed minimum benefit risk R ₇ *3	3,770	3,980	3,383
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	969.6%	1,098.3%	1,095.5%

*1: Expected disbursements from net assets outside the Company, valuation and translation adjustments and deferred assets are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: 1. The above figures are calculated based on Articles 86, 87 of the Enforcement Regulations of the Insurance Business Law, and Announcement No. 50, Ministry of Finance, 1996.

2. Effective September 30, 2006, calculation of total solvency margin is revised in accordance with the revised Enforcement Regulations of the Insurance Business Law. Figures as of September 30, 2005 and March 31, 2006 are reported in accordance with former regulations. The amount of 'total net assets' as of September 30, 2005 and March 31, 2006 represents the amount of former 'capital'.

11. Status of Separate Accounts

(1) Separate Account Assets by Product

(Millions of yen)

	As of September 30, 2005	As of September 30, 2006	As of March 31, 2006
Individual variable insurance	65,103	67,931	69,305
Individual variable annuities	226,770	271,351	272,971
Group annuities	1,201,733	1,332,381	1,331,818
Separate account total	1,493,606	1,671,664	1,674,095

(2) Policies in Force for Individual Variable Insurance and Individual Variable Annuities

A. Individual Variable Insurance

(Millions of yen except number of policies)

	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Variable insurance (term life)	379	1,802	358	1,715	366	1,759
Variable insurance (whole life)	52,025	329,596	51,117	322,692	51,594	325,805
Total	52,404	331,398	51,475	324,407	51,960	327,564

Note: Policies in force include term life riders.

B. Individual Variable Annuities

(Millions of yen except number of policies)

	As of September 30, 2005		As of September 30, 2006		As of March 31, 2006	
	Number of policies	Amount	Number of policies	Amount	Number of policies	Amount
Total	47,412	212,793	54,434	257,648	52,226	258,406

Reference: Breakdown of Fundamental Profit (Major Sources of Profit and Loss)

(Millions of yen)

		Six months ended September 30, 2005	Six months ended September 30, 2006	Changes
Fundamental profit	(i)	222,499	255,142	32,643
Negative spread		(88,589)	(49,351)	39,238
Mortality and morbidity gains		240,070	246,525	6,454
Expense margins		71,018	57,968	(13,050)
Net Capital gains	(ii)	(32,945)	(50,876)	(17,930)
Other one-time profits	(iii)	(108,570)	(102,509)	6,061
Provision for contingency reserves		(108,500)	(102,500)	6,000
Net surplus from operations	(iv) (=i)+(ii)+(iii)	80,982	101,756	20,774
Extraordinary gains and losses	(v)	(19,675)	(11,369)	8,306
Provision for reserve for price fluctuations		(6,500)	(6,500)	-
Corporate income taxes and others	(vi)	(8,957)	(12,751)	(3,794)
Unappropriated net surplus for the period	(vii) (=iv)+(v)+(vi)	52,349	77,635	25,286

Note: Description of major sources of profit and loss:

- Negative spread: difference between expected investment yield (guaranteed investment yield) and actual investment yield
- Mortality and morbidity gains: difference between expected and actual payment of claims and benefits
- Expense margins: difference between expected and actual operating expenses