

May 30, 2008

Financial Results for the Fiscal Year Ended March 31, 2008

The Dai-ichi Mutual Life Insurance Company (President: Katsutoshi Saito) announces its financial results for the fiscal year ended March 31, 2008.

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Attached: Supplementary Materials for the Fiscal Year Ended March 31, 2008

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Financial Summary for the Fiscal Year Ended March 31, 2008

May 30, 2008

The Dai-ichi Mutual Life Insurance Company

The financial results of the Dai-ichi Mutual Life Insurance Company (hereinafter "the Company") for the fiscal year ended March 31, 2008 will be reported at the 107th annual representative policyholders' meeting to be held on July 1, 2008.

Summary of the financial results are as follows:

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of March 31, 2007				As of March 31, 2008			
	Number of policies		Amount		Number of policies		Amount	
	(Thousands)	Change (%, YoY)	(100 millions of yen)	Change (%, YoY)	(Thousands)	Change (%, YoY)	(100 millions of yen)	Change (%, YoY)
Individual insurance	11,391	99.1	1,753,922	95.7	11,221	98.5	1,674,368	95.5
Individual annuities	1,193	101.7	69,843	103.9	1,201	100.6	70,257	100.6
Individual insurance and annuities	12,585	99.3	1,823,765	96.0	12,423	98.7	1,744,625	95.7
Group insurance	-	-	540,130	98.1	-	-	544,616	100.8
Group annuities	-	-	65,592	104.7	-	-	64,368	98.1

- 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.

New Policies

	Number of policies (Thousands)	Amount (100 millions of yen)	Change		Change (%, YoY)
			New Business	Net increase by conversion	
Year ended March 31, 2007					
Individual insurance	1,056	100,156	89,166	10,990	79.5
Individual annuities	59	4,803	4,983	(180)	137.9
Individual insurance and annuities	1,116	104,959	94,149	10,810	81.0
Group insurance	-	3,665	3,665		88.6
Group annuities	-	6	6		47.1
Year ended March 31, 2008					
Individual insurance	1,042	84,889	75,566	9,323	84.8
Individual annuities	43	3,259	3,401	(141)	67.9
Individual insurance and annuities	1,085	88,149	78,967	9,182	84.0
Group insurance	-	4,335	4,335		118.3
Group annuities	-	9	9		156.0

- 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.

(Reference) Surrenders and lapses in individual insurance and annuities (100 Millions of yen except percentages)

	Year ended March 31, 2007	Year ended March 31, 2008
Amount of surrenders and lapses	126,648	109,312
Surrender and lapse rate (%)	6.67	5.99

- Note:
1. The amount of lapses is not offset by the amount of lapses which are reinstated.
 2. The table above excludes cases where the sum insured is decreased or riders are surrendered for in-force contracts
 3. Effective the fiscal year ended March 31, 2008, surrender of riders is excluded. On the former basis, which included surrender of riders, the amounts of surrender and lapses for the fiscal years ended March 31, 2007 and 2008 were 136,146 million yen and 117,757 million yen, respectively, and the surrender and lapse rates for the fiscal years ended March 31, 2007 and 2008 were 7.17% and 6.46%, respectively.

(2) Annualized Net Premium

Policies in Force

(100 Millions of yen except percentages)

	As of March 31, 2007		As of March 31, 2008	
		Change (% , YoY)		Change (% , YoY)
Individual insurance	18,695	98.3	18,239	97.6
Individual annuities	2,616	112.6	2,772	106.0
Total	21,311	99.9	21,011	98.6
Medical and survival benefits	4,826	102.5	4,888	101.3

New Policies

(100 Millions of yen except percentages)

	Year ended March 31, 2007		Year ended March 31, 2008	
		Change (% , YoY)		Change (% , YoY)
Individual insurance	1,331	93.0	1,136	85.4
Individual annuities	330	149.7	199	60.5
Total	1,661	100.6	1,336	80.4
Medical and survival benefits	513	87.5	439	85.6

- 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 benefit (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.

(3) Profit and Loss Items

(Millions of yen except percentages)

	Year ended March 31, 2007		Year ended March 31, 2008	
		Change (% , YoY)		Change (% , YoY)
Premium and other income	3,293,707	96.9	3,098,525	94.1
Investment income	1,088,348	94.3	1,026,369	94.3
Benefits and claims	2,377,981	85.5	2,648,008	111.4
Investment expense	314,196	122.2	563,957	179.5
Net surplus from operations	236,857	106.9	200,581	84.7

(4) Statements of Surplus

(Millions of yen except percentages)

	Year ended March 31, 2007		Year ended March 31, 2008	
		Change (% , YoY)		Change (% , YoY)
Unappropriated net surplus	157,618	106.8	143,318	90.9
Reserve for policyholders dividends	114,169	101.7	89,227	78.2
Net surplus	43,612	122.9	54,246	124.4

(5) Total Assets

(Millions of yen except percentages)

	As of March 31, 2007		As of March 31, 2008	
		Change (% , YoY)		Change (% , YoY)
Total Assets	33,578,200	103.4	31,833,906	94.8

2. Policies in Force as of March 31, 2008 by Benefit

	Individual insurance (I)		Individual annuities (II)		Group insurance (III)		Total (I+II+III)	
	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)
Death benefits								
general	10,740	1,548,711		0	27,156	544,539	37,896	2,093,250
accidental	[6,412]	[257,548]	[313]	[3,895]	[3,424]	[24,446]	[10,149]	[285,890]
others	[0]	[1]	[-]	[-]	[84]	[1,115]	[85]	[1,116]
Survival benefits	481	125,657	1,201	70,257	10	76	1,693	195,991
Hospitalization benefits								
accidental	[9,066]	[417]	[101]	[4]	[1,837]	[13]	[11,005]	[435]
illness	[8,952]	[413]	[102]	[4]	[0]	[0]	[9,056]	[418]
others	[5,341]	[256]	[83]	[3]	[66]	[0]	[5,491]	[260]
Injury benefits	[10,442]	-	[103]	-	[3,202]	-	[13,749]	-
Surgery benefits	[6,816]	-	[102]	-	-	-	[6,919]	-

	Group annuities (IV)		Financial insurance (V)		Financial annuities (VI)		Total (IV+V+VI)	
	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)	Number (Thousands)	Amount (100 millions of yen)
Survival benefits	15,020	64,368	117	2,865	55	1,391	15,193	68,625

	Medical care insurance	
	Number (Thousands)	Amount (100 millions of yen)
Hospitalization benefits	607	10

	Group disability	
	Number (Thousands)	Amount (100 millions of yen)
Disability benefits	56	37

Note:

- Figures in [] show numbers and amounts of additional benefits and of benefits to be paid from riders.
- Number of group insurance, group annuities, financial insurance, financial annuities, medical care and group disability show the number of insureds.
- Amounts in 'Survival benefits' show the sum of (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, for individual insurance, individual annuities, group insurance (annuity riders) and financial annuities. The amounts in 'Survival benefits' show the amount of outstanding corresponding policy reserve for group annuities, financial insurance and others.
- Amounts in 'Hospitalization benefits' show the amount of hospitalization benefit to be paid per day.
- Amount in 'Hospitalization benefits' for medical care insurance shows the daily amount to be paid for hospitalization from illness.
- Amount in group disability insurance shows the amount of disability benefits paid per month.
- The number of insureds and amount of policies for reinsurance written were 108 thousand and 44.3billion yen, respectively.

3. Investment of General Account Assets for the Fiscal Year Ended March 31, 2008

(1) Overview of Investment of General Account Assets for the Fiscal Year Ended March 31, 2008

A. Investment Environment

The Japanese economy continued to grow moderately for the fiscal year, reflecting strong export and steady domestic demand driven by healthy growth in the corporate sector and improvements in employment and wage conditions. Production was also supported by strong domestic and foreign demand. However, at the end of the fiscal year, the slowdown in the U.S. economy increased negative outlook on the Japanese economy.

The growth rate in the U.S. amounted to 2.2%, which was below the potential growth rate, affected by a sharp drop in housing construction due to subprime loan problems. The economy also suffered from weaker consumer spending associated with the rise in energy prices, unfavorable employment situation and poor consumer sentiment.

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

[Domestic interest rate]

Yield on ten year government bonds once rose close to 2.0%, reflecting expectations for a rise in interest rates driven by healthy growth in the corporate sector. Since July, however, the yield showed a downward trend, reflecting “flight to quality” based on negative outlook on the global economy caused by subprime loan problems, and temporarily dropped to 1.2%.

Yield on ten-year government bonds:	March 31, 2007	1.650%
	March 31, 2008	1.275%

[Domestic Stocks]

After steady movement from the beginning of the fiscal year thanks to healthy growth in corporate earnings, Nikkei 225 recovered to the 18,000 level. However, in the second half of the fiscal year, the index dropped, reflecting the shrinkage of confidence resulting from subprime loan problems, decline of global economy and negative outlook on domestic corporate earnings. It temporarily dropped to below the 12,000 level also driven by the effect of appreciation of the yen versus the U.S. dollars.

Nikkei 225 Stock Average:	March 31, 2007	17,287
	March 31, 2008	12,525
TOPIX:	March 31, 2007	1,713
	March 31, 2008	1,212

[Foreign Currency]

After picking up to ¥124 level against the yen reflecting interest rate differentials between the U.S. and Japan, the U.S. dollar turned to a weakening trend, due to narrowing interest rate differentials after interest rate cuts by the FRB and cancellation of yen short positions, and it temporarily dropped to the ¥95 level. On the other hand, the Euro strengthened against the U.S. dollar to a historical high level, reflecting no change in monetary policy by the European Central Bank, which had concerns for inflation risk.

yen/U.S. dollar:	March 31, 2007	¥118.05
	March 31, 2008	¥100.19
yen/euro:	March 31, 2007	¥157.33
	March 31, 2008	¥158.19

B. 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 continuously increased its position in policy-reserve-matching bonds by purchasing long-term and super-long-term domestic bonds, in order to further enhance its 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	The Company actively replaced low-yield bonds with policy-reserve matching bonds with longer duration, based on its Asset Liability Management (ALM) strategy. The Company also made efforts to carefully select and diversify among various credit risk products including corporate bonds and asset backed securities, in accordance with the risk adjusted credit spread guidelines.
Loans	Total balance of loans decreased due to the maturity structure. The Company maintained high profitability by setting adequate risk adjusted spreads, while also paying attention to the credit spread changes in the bond market.
Domestic stocks	The Company slightly increased its investment in domestic stocks in a weaker market situation, taking into account expectations on gradual upward trends of domestic equity. The Company also made efforts to replace low return stocks with ones with high profitability based on in-house analyst research.
Foreign bonds	The Company increased its investment in foreign currency-denominated bonds in total. The Company increased exposure in such bonds with currency risk un-hedged and those with currency hedges due to narrowing differentials between domestic and foreign interest rates. The Company also made efforts to control risk by diversifying sector and currency.
Foreign Stocks	The Company increased its investment in foreign stocks, using independent investment advisors as well as in-house managers to enhance diversified investment styles.
Real Estate	The Company made efforts to improve the quality and profitability of its portfolio, which include a review of rents, promotion of efficient use of real estate by refurbishment and housing rehabilitation, and improvement of operation rates.

[Investment income and expenses]

Investment income increased by ¥33,007 million, or 3.2% to ¥1,026,369 million, driven by the Company's efforts to replace low-yield bonds with policy-reserve-matching bonds with longer duration. Other factors, including an increase in interest and dividends, mainly due to increase in dividends from domestic stocks also contributed to the increase in investment income. On the other hand, investment losses increased by ¥14,918 million, or 4.7% to ¥329,114 million, mainly due to an increase in devaluation losses on stocks caused by declines in the equity market. As a result, net investment income from general account increased by ¥18,089 million, or 2.7% to ¥697,255 million for the fiscal year ended March 31, 2008.

C. Investment Environment Outlook for the Fiscal Year Ending March 31, 2009

The Japanese economy is likely to slow down in the face of uncertainty on the future economic situation based on a decline in exports due to economic stagnation in the U.S., and downward risk in personal consumption along with inflation. However, in the second half of this fiscal year, the economy is likely to

improve, supported by a recovery in the U.S. economy driven by the positive effects of financial and monetary policy in U.S..

[Domestic interest rates]

Although domestic interest rates are likely to stay at a low level for the time being, they are expected to improve gradually in accordance with normalization of foreign markets. However, further rises in interest rates are unlikely because Bank of Japan is not expected to lift interest rates before the U.S. economy recovers.

[Domestic stocks]

The domestic stock market is likely to stay in a narrow range, reflecting concerns for global recession, though overly negative outlook towards financial markets will weaken. In the second half of the year, it is likely to rise gradually, reflecting steady economic growth in Japan thanks to turn around of U.S. economy.

[Foreign currency]

Yen / U.S. dollar exchange rate is expected to remain in a limited range, reflecting the FRB's cautious position about a potential rise in interest rate due to inflation concerns. Though steady economic growth in Europe will likely put upward pressure on the Euro against the yen, supported by relatively steady economy, further continuous rise of the Euro is unlikely.

D. Investment Policies for the Fiscal Year Ending March 31, 2009

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>Slight increase</u> The Company will continue stable investment in domestic bonds, as a core asset under its ALM strategy, evenly throughout the year. When interest rates rise, the Company will invest in bonds with longer duration more actively.
Loans	<u>Slight decrease</u> The Company will provide loans with attention to lending conditions and credit spread levels in the corporate bond market. However, the Company will slightly decrease its total balance of loans, taking into account maturity structure.
Domestic stocks	<u>Flat</u> The Company will maintain exposure in stock holdings at the present level, although the domestic stock market is expected to show steady recovery due to normalization of financial markets globally. The Company will also make efforts to improve profitability by continuously selecting companies and sectors with high growth potential.
Foreign bonds	<u>Flat</u> Based on the outlook of stable interest and exchange rates, the Company will maintain its 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 gradual rise in foreign stocks after certain depression, the Company will slightly increase its exposure to 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.

(2) Asset Composition (General Account)

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	506,784	1.6	338,541	1.1
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	47,273	0.2
Monetary claims bought	462,329	1.5	316,767	1.0
Trading account securities	-	-	46,663	0.2
Money held in trust	32,564	0.1	25,223	0.1
Securities	24,211,152	76.0	22,919,828	75.5
Domestic bonds	11,920,676	37.4	12,186,760	40.1
Domestic stocks	6,122,218	19.2	4,508,764	14.9
Foreign securities	5,799,318	18.2	5,925,778	19.5
Foreign bonds	4,483,135	14.1	4,540,667	15.0
Foreign stocks and other securities	1,316,183	4.1	1,385,111	4.6
Other securities	368,939	1.2	298,525	1.0
Loans	5,062,571	15.9	4,647,199	15.3
Policy loans	659,269	2.1	629,534	2.1
Ordinary loans	4,403,301	13.8	4,017,665	13.2
Real estate	1,167,249	3.7	1,233,982	4.1
Real estate for rent	740,199	2.3	780,267	2.6
Deferred tax assets	-	-	162,392	0.5
Others	405,519	1.3	636,254	2.1
Reserve for possible loan losses	(11,534)	(0.0)	(12,321)	(0.0)
Total	31,836,635	100.0	30,361,805	100.0
Foreign currency-denominated assets	4,732,750	14.9	4,940,802	16.3

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

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

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Cash, deposits, and call loans	46,006	(168,242)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	47,273
Monetary claims bought	(85,739)	(145,561)
Trading account securities	-	46,663
Money held in trust	(1,290)	(7,340)
Securities	1,800,539	(1,291,324)
Domestic bonds	1,434,354	266,083
Domestic stocks	337,719	(1,613,454)
Foreign securities	(29,215)	126,459
Foreign bonds	(475,645)	57,532
Foreign stocks and other securities	446,430	68,927
Other securities	57,681	(70,413)
Loans	(498,648)	(415,371)
Policy loans	(26,695)	(29,735)
Ordinary loans	(471,952)	(385,636)
Real estate	(38,377)	66,733
Real estate for rent	(15,159)	40,068
Deferred tax assets	-	162,392
Others	(219,584)	230,735
Reserve for possible loan losses	(365)	(786)
Total	1,002,541	(1,474,829)
Foreign currency-denominated assets	(85,668)	208,051

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

(4) Investment Income (General Account)

(Millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2008	
	Amount	%	Amount	%
Interest and dividends	771,458	77.7	832,184	81.1
Interest from deposits	4,838	0.5	4,687	0.5
Interest and dividends from securities	598,916	60.3	651,127	63.4
Interest from loans	106,147	10.7	102,821	10.0
Rental income	52,320	5.3	62,579	6.1
Other interest and dividends	9,234	0.9	10,969	1.1
Gains on trading account securities	-	-	-	-
Gains on money held in trust	-	-	-	-
Gains on investments in trading securities	-	-	-	-
Gains on sale of securities	202,434	20.4	150,181	14.6
Gains on sale of domestic bonds	12,585	1.3	25,926	2.5
Gains on sale of domestic stocks	91,823	9.2	42,567	4.1
Gains on sale of foreign securities	98,025	9.9	81,678	8.0
Others	-	-	9	0.0
Gains on redemption of securities	18,508	1.9	7,498	0.7
Derivative transaction gains	-	-	36,082	3.5
Foreign exchange gains	-	-	-	-
Other investment income	961	0.1	421	0.0
Total	993,362	100.0	1,026,369	100.0

(5) Investment Expense (General Account)

(Millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2008	
	Amount	%	Amount	%
Interest expenses	8,844	2.8	10,169	3.1
Losses on trading account securities	-	-	187	0.1
Losses on money held in trust	1,276	0.4	7,534	2.3
Losses on investments in trading securities	-	-	-	-
Losses on sale of securities	129,147	41.1	148,338	45.1
Losses on sale of domestic bonds	84,295	26.8	33,121	10.1
Losses on sale of domestic stocks	2,062	0.7	2,618	0.8
Losses on sale of foreign securities	42,790	13.6	112,597	34.2
Others	-	-	-	-
Losses on valuation of securities	12,044	3.8	31,904	9.7
Losses on valuation of domestic bonds	-	-	-	-
Losses on valuation of domestic stocks	7,483	2.4	18,797	5.7
Losses on valuation of foreign securities	4,561	1.5	13,107	4.0
Others	-	-	-	-
Losses on redemption of securities	112	0.0	520	0.2
Derivative transaction losses	39,861	12.7	-	-
Foreign exchange losses	79,460	25.3	80,577	24.5
Provision for reserve for possible loan losses	946	0.3	1,339	0.4
Provision for reserve for possible investment losses	-	-	3,869	1.2
Write-down of loans	1,981	0.6	683	0.2
Depreciation of rental real estate and others	14,067	4.5	15,273	4.6
Other investment expenses	26,453	8.4	28,718	8.7
Total	314,196	100.0	329,114	100.0

(6) Net Investment Income (General Account)

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Net investment income	679,166	697,254

(7) Other Information on Investments (General Account)

A. Rates of return (general account)

(%)

	Year ended March 31, 2007	Year ended March 31, 2008
Cash, deposits, and call loans	0.27	0.51
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	0.55
Monetary claims bought	1.18	1.08
Trading account securities	-	(0.80)
Money held in trust	(3.73)	(23.83)
Securities	2.83	2.70
Domestic bonds	1.17	1.84
Domestic stocks	5.25	3.54
Foreign securities	4.35	3.70
Foreign bonds	3.99	2.64
Foreign stocks and other securities	6.17	7.81
Loans	1.69	2.02
Ordinary loans	1.26	1.59
Real estate	3.93	4.44
Total	2.40	2.40
Foreign investments	4.23	3.61

- Note:
1. Rates of return above are calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.
 2. 'Foreign investments' include yen-denominated assets.

B. Average daily balance (general account)

(100 millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Cash, deposits, and call loans	4,255	3,738
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	734
Monetary claims bought	5,294	3,951
Trading account securities	-	662
Money held in trust	340	327
Securities	197,529	209,901
Domestic bonds	108,572	114,354
Domestic stocks	30,368	31,600
Foreign securities	55,424	60,691
Foreign bonds	46,279	48,236
Foreign stocks and other securities	9,145	12,455
Loans	54,249	48,359
Ordinary loans	47,447	41,864
Real estate	7,515	7,668
Total	283,491	290,297
Foreign investments	58,790	63,896

C. Valuation gains and losses on trading securities (general account)

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	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	30,803	(1,632)	70,343	(5,995)
Trading account securities	-	-	46,663	122
Money held in trust	30,803	(1,632)	23,680	(6,117)

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

D. 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 March 31, 2007					
Bonds held to maturity	182,711	176,581	(6,129)	306	6,436
Domestic bonds	122,583	119,278	(3,304)	306	3,611
Foreign bonds	60,127	57,303	(2,824)	-	2,824
Policy-reserve-matching bonds	4,796,242	4,888,316	92,074	96,378	4,304
Domestic bonds	4,796,242	4,888,316	92,074	96,378	4,304
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,132,601	18,658,322	3,525,721	3,587,064	61,343
Domestic bonds	6,916,880	7,001,850	84,970	94,060	9,090
Domestic stocks	2,973,562	6,037,300	3,063,738	3,091,770	28,032
Foreign securities	4,779,847	5,127,119	347,271	371,050	23,778
Foreign bonds	4,219,528	4,423,007	203,478	226,017	22,538
Foreign stocks and other securities	560,319	704,112	143,792	145,032	1,240
Other securities	242,347	272,089	29,741	30,183	442
Monetary claims bought	119,962	119,962	-	-	-
Certificates of deposit	100,000	100,000	-	-	-
Others	-	-	-	-	-
Total	20,111,554	23,723,221	3,611,666	3,683,750	72,083
Domestic bonds	11,835,706	12,009,446	173,739	190,745	17,005
Domestic stocks	2,973,562	6,037,300	3,063,738	3,091,770	28,032
Foreign securities	4,839,975	5,184,422	344,447	371,050	26,603
Foreign bonds	4,279,656	4,480,310	200,654	226,017	25,363
Foreign stocks and other securities	560,319	704,112	143,792	145,032	1,240
Other securities	242,347	272,089	29,741	30,183	442
Monetary claims bought	119,962	119,962	-	-	-
Certificates of deposit	100,000	100,000	-	-	-
Others	-	-	-	-	-
As of March 31, 2008					
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	2,421	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	15,323,877	16,821,851	1,497,973	1,854,028	356,054
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,135,282	5,129,440	(5,842)	204,446	210,288
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	20,425,054	22,076,621	1,651,566	2,013,802	362,236
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	2,988,492	4,276,199	1,287,706	1,408,762	121,056
Foreign securities	5,186,177	5,182,757	(3,420)	206,868	210,288
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	636,939	639,668	2,728	71,122	68,394
Other securities	204,933	194,749	(10,183)	5,733	15,916
Monetary claims bought	44,983	44,983	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
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 March 31, 2007 and 2008 amounted to 1,761 million yen and 1,543 million yen, respectively.

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

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Bonds held to maturity	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	33,466	82,634
Unlisted domestic stocks (except over-the-counter stocks)	21,315	66,325
Unlisted foreign stocks (except over-the-counter stocks)	6,820	6,879
Others	5,331	9,429
Other securities	1,026,866	1,271,109
Unlisted domestic stocks (except over-the-counter stocks)	63,602	166,239
Unlisted foreign stocks (except over-the-counter stocks)	603,622	731,095
Unlisted foreign bonds	0	0
Others	359,641	373,775
Total	1,060,332	1,353,744

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 D., is as follows:

(Millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2007					
Bonds held to maturity	182,711	176,581	(6,129)	306	6,436
Domestic bonds	122,583	119,278	(3,304)	306	3,611
Foreign bonds	60,127	57,303	(2,824)	-	2,824
Policy-reserve-matching bonds	4,796,242	4,888,316	92,074	96,378	4,304
Domestic bonds	4,796,242	4,888,316	92,074	96,378	4,304
Stocks of subsidiaries and affiliates	33,466	32,957	(508)	-	508
Domestic stocks	21,315	21,315	-	-	-
Foreign stocks	8,417	7,908	(508)	-	508
Other securities	3,733	3,733	-	-	-
Securities available for sale	16,159,467	19,685,199	3,525,732	3,587,075	61,343
Domestic bonds	6,916,880	7,001,850	84,970	94,060	9,090
Domestic stocks	3,037,164	6,100,903	3,063,738	3,091,770	28,032
Foreign securities	5,383,490	5,730,773	347,282	371,061	23,778
Foreign bonds	4,219,528	4,423,007	203,478	226,017	22,538
Foreign stocks and other securities	1,163,962	1,307,765	143,803	145,043	1,240
Other securities	335,463	365,205	29,741	30,183	442
Monetary claims bought	386,467	386,467	-	-	-
Certificates of deposit	100,000	100,000	-	-	-
Others	-	-	-	-	-
Total	21,171,887	24,783,056	3,611,169	3,683,760	72,591
Domestic bonds	11,835,706	12,009,446	173,739	190,745	17,005
Domestic stocks	3,058,479	6,122,218	3,063,738	3,091,770	28,032
Foreign securities	5,452,036	5,795,985	343,949	371,061	27,112
Foreign bonds	4,279,656	4,480,310	200,654	226,017	25,363
Foreign stocks and other securities	1,172,379	1,315,674	143,294	145,043	1,748
Other securities	339,197	368,939	29,741	30,183	442
Monetary claims bought	386,467	386,467	-	-	-
Certificates of deposit	100,000	100,000	-	-	-
Others	-	-	-	-	-
As of March 31, 2008					
Bonds held to maturity	174,034	176,400	2,365	4,011	1,645
Domestic bonds	123,140	123,084	(56)	1,589	1,645
Foreign bonds	50,894	53,316	2,421	-	-
Policy-reserve-matching bonds	4,927,142	5,078,369	151,227	155,763	4,535
Domestic bonds	4,927,142	5,078,369	151,227	155,763	4,535
Stocks of subsidiaries and affiliates	82,634	80,588	(2,046)	-	2,046
Domestic stocks	66,325	66,325	-	-	-
Foreign stocks	13,495	11,449	(2,046)	-	2,046
Other securities	2,813	2,813	-	-	-
Securities available for sale	16,594,987	18,092,783	1,497,796	1,854,028	356,231
Domestic bonds	6,910,185	7,136,478	226,292	235,085	8,792
Domestic stocks	3,154,732	4,442,438	1,287,706	1,408,762	121,056
Foreign securities	5,867,407	5,861,387	(6,019)	204,446	210,466
Foreign bonds	4,498,342	4,489,772	(8,570)	133,324	141,894
Foreign stocks and other securities	1,369,064	1,371,615	2,550	71,122	68,571
Other securities	305,895	295,712	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
Others	-	-	-	-	-
Total	21,778,798	23,428,142	1,649,343	2,013,802	364,459
Domestic bonds	11,960,467	12,337,931	377,464	392,438	14,973
Domestic stocks	3,221,057	4,508,764	1,287,706	1,408,762	121,056
Foreign securities	5,931,797	5,926,154	(5,643)	206,868	212,512
Foreign bonds	4,549,237	4,543,089	(6,148)	135,745	141,894
Foreign stocks and other securities	1,382,560	1,383,064	504	71,122	70,617
Other securities	308,708	298,525	(10,183)	5,733	15,916
Monetary claims bought	316,767	316,767	-	-	-
Certificates of deposit	40,000	40,000	-	-	-
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 March 31, 2007 and 2008 amounted to 1,761 million yen and 1,543 million yen, respectively.

E. 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 March 31, 2007	32,564	32,564	(1,632)	2,142	3,775
As of March 31, 2008	25,223	25,223	(6,117)	2,045	8,162

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 trading purpose is as follows:

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	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 trading purpose	30,803	(1,632)	23,680	(6,117)

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

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

(Millions of yen)

	As of March 31, 2007					As of March 31, 2008				
	Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
			Gains	Losses				Gains	Losses	
Trust held to maturity	-	-	-	-	-	-	-	-	-	-
Trust matched with policy reserve	-	-	-	-	-	-	-	-	-	-
Trust available for sale	1,761	1,761	-	-	-	1,543	1,543	-	-	-

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

F. Total net unrealized gains (losses) of general account assets

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Securities	3,611,169	1,649,343
Domestic bonds	173,739	377,464
Domestic stocks	3,063,738	1,287,706
Foreign securities	343,949	(5,643)
Foreign bonds	200,654	(6,148)
Foreign stocks and other securities	143,294	504
Other securities	29,741	(10,183)
Real estate	77,063	203,408
Total (including others not listed above)	3,687,214	1,854,059

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.

4. Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008		As of March 31, 2007	As of March 31, 2008
(ASSETS)			(LIABILITIES)		
Cash and deposits	267,350	177,816	Policy reserves and others	28,110,969	28,254,963
Cash	1,255	1,196	Reserves for outstanding claims	154,114	156,692
Bank deposits	266,094	176,619	Policy reserves	27,598,685	27,744,733
Call loans	272,000	206,300	Reserve for policyholder dividends	358,170	353,538
Deposit paid for securities borrowing transactions	-	47,273	Reinsurance payables	852	546
Monetary claims bought	462,329	316,767	Subordinated bonds	59,007	50,080
Trading account securities	-	46,663	Other liabilities	1,045,795	1,093,365
Money held in trust	32,564	25,223	Collateral for securities lending transactions	616,766	537,079
Securities	25,902,665	24,317,141	Long-term debt and other borrowings	130,046	130,032
Government bonds	8,862,167	9,260,744	Corporate income tax payable	56,849	57,678
Local government bonds	567,153	452,300	Accounts payable	75,734	215,827
Corporate bonds	2,886,726	2,831,143	Accrued expenses	41,619	36,978
Stocks	6,674,631	4,939,522	Unearned revenue	2,794	1,889
Foreign securities	6,277,996	6,327,686	Deposits received	56,706	56,131
Other securities	633,989	505,745	Guarantee deposits received	35,336	36,665
Loans	5,062,571	4,647,199	Differential account for futures trading	-	47
Policy loans	659,269	629,534	Trading account securities borrowed	-	3,042
Ordinary loans	4,403,301	4,017,665	Derivatives	28,129	15,611
Ordinary loans	4,377,426	3,991,859	Suspense receipt	1,263	1,995
Trust loans	25,874	25,805	Other liabilities	549	384
Tangible fixed assets	1,173,227	1,238,793	Reserve for possible claims payment	5,500	-
Land	721,616	807,248	Reserve for employees' retirement benefits	466,632	480,475
Buildings	440,596	424,341	Reserve for retirement benefits of directors, executive officers and corporate auditors	1,645	1,138
Construction in progress	5,036	2,392	Reserve for possible reimbursement of prescribed claims	-	1,000
Other tangible fixed assets	5,978	4,810	Reserve for price fluctuations	207,453	221,453
Intangible fixed assets	98,923	102,665	Deferred tax liabilities	657,857	-
Software	64,270	68,656	Deferred tax liabilities for land revaluation	126,794	126,001
Other intangible fixed assets	34,653	34,009	Acceptances and guarantees	15,581	18,835
Reinsurance receivables	124	123	Total liabilities	30,698,088	30,247,859
Other assets	302,484	542,986	(NET ASSETS)		
Accounts receivable	46,403	236,124	Foundation funds	140,000	120,000
Prepaid expenses	15,473	14,970	Accumulated redeemed foundation funds	280,000	300,000
Accrued revenue	164,327	168,851	Revaluation reserve	248	248
Deposits	43,642	43,625	Surplus	265,871	269,913
Margin money for futures trading	4,597	9,301	Reserve for future losses	4,700	5,100
Differential account for futures trading	1	33	Other surplus	261,171	264,813
Derivatives	4,505	40,429	Reserve for redemption of foundation funds	36,400	42,600
Suspense payment	8,093	14,085	Fund for risk allowance	43,139	43,139
Other assets	15,441	15,563	Fund for price fluctuation allowance	10,000	20,000
Deferred tax assets	-	162,392	Reserve for tax basis adjustments of real estate	13,891	15,635
Customers' liabilities for acceptances and guarantees	15,581	18,835	Other reserves	122	120
Reserve for possible loan losses	(11,534)	(12,321)	Unappropriated net surplus for the period	157,618	143,318
Reserve for possible investment losses	(86)	(3,955)	Total of foundation funds and surplus	686,119	690,162
			Net unrealized gains on securities, net of tax	2,253,999	957,385
			Deffered hedge gains / losses	(2)	-
			Reserve for land revaluation	(60,005)	(61,500)
			Valuation and translation adjustments	2,193,991	895,884
			Total net assets	2,880,111	1,586,046
Total assets	33,578,200	31,833,906	Total liabilities and net assets	33,578,200	31,833,906

Notes to the Non-Consolidated Balance Sheet

1. Yen Amounts

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

2. 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 fiscal year (for domestic stocks, the average value during March), 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 statement of earnings.

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

3. Trading Account Securities

Trading account securities are reported at fair value.

4. 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 March 31, 2008 amounted to ¥4,927,142 million. The market value of these bonds as of March 31, 2008 was ¥5,078,369 million.

5. Valuation Methods of Derivative Transactions

Derivative transactions are reported at fair value.

6. 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.

7. Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is calculated by the following 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.

i) Buildings (excluding leasehold improvements and structures)

a. Acquired on or before March 31, 2007

Calculated by the previous straight-line method.

b. Acquired on or after April 1, 2007

Calculated by the straight-line method.

ii) Assets other than buildings

a. Acquired on or before March 31, 2007

Calculated by the previous declining balance method.

b. Acquired on or after April 1, 2007

Calculated by the declining balance method.

Assets in 'other tangible fixed assets' that were acquired for ¥100,000 or more but less than ¥200,000 are depreciated by equal amounts over three years.

By the revision of corporate income tax law, depreciation of tangible fixed assets acquired on or after April 1, 2007 is computed by the straight-line method and declining balance method stipulated in the revised law. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥323 million.

As for the tangible fixed assets acquired on or before March 31, 2007 and that are depreciated to their final depreciable limit, effective the fiscal year ended March 31, 2008, the salvage values are depreciated in the following five years from the fiscal year end when such assets were depreciated to their final depreciable limit. As a result, net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥714 million.

Taking into account the decision made in December 2007 on restructuring and transfer of Oi head office, and expected decline in future value of related buildings and other assets due to the decision, one-time depreciation was recognized for such assets. Such depreciation was calculated on the assumption that estimated useful lives of such assets ended at the end of the fiscal year ended March 31, 2008, after depreciation by the method stated above was recognized until the fiscal year end. This cost is recorded as one-time depreciation in extraordinary losses. As a result, extraordinary losses increased by ¥11,350 million and net surplus before adjustment for taxes, etc. decreased by ¥11,350 million.

Accumulated depreciation of tangible fixed assets as of March 31, 2008 was ¥604,881 million.

8. 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 fiscal year. Stocks of subsidiaries and affiliated companies are translated to yen at the exchange rate on the date of acquisition.

9. 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 fiscal year ended March 31, 2008 was ¥4,118 million.

10. 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 ¥25,805 million and are included as trust 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 March 31, 2008 was ¥73,671 million.

11. 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.

The funding status of employees’ retirement benefits of the Company as of March 31, 2008 was as follows:

- (1) Funding status of the Company’s employees’ retirement benefits:

	(Millions of yen)
a. Projected benefit obligations	¥ (630, 293)
b. Pension assets	104,215
c. Unfunded benefit obligations (a + b)	(526,078)
d. Unrecognized actuarial differences	61,731

e. Unrecognized gains on plan amendments	(16,128)
f. Net amount recognized on the non-consolidated balance sheet (c + d + e)	(480,475)
g. Prepaid pension expenses	—
h. Reserve for employees' retirement benefits (f – g)	¥ (480,475)

(2) Assumptions used by the Company:

- Method of periodic allocation of benefit obligations—straight-line method
- Discount rate —1.7% per annum
- Estimated return on investment —1.7% per annum
- Amortization period for actuarial differences—7 years starting from the following fiscal year
- Amortization period for gains on plan amendments—7 years

12. Reserve for Possible Investment Losses

In order to provide for future 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.

13. Reserve for Retirement Benefits of Directors, Executive Officers and Corporate Auditors

For the reserve for retirement benefits of directors, executive officers and corporate auditors, an estimated amount for future payment out of total amount of benefits for past service approved by the 105th general meeting of representative policyholders is provided.

14. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the fiscal year in accordance with the provisions of Article 115 of the Insurance Business Law.

15. Lease Transactions

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

16. Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, special hedge accounting for interest swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans and government and corporate bonds; the currency allotment method is used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans and term deposits, and the fair value hedge method is used for hedges by currency options and foreign currency forward contracts 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.

17. 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 a prepaid expense and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Law, and such taxes other than deferred consumption tax are recognized as an expense when incurred.

18. 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.

For whole life insurance contracts acquired on or before March 31, 1996 premium payments for which were already completed at the end of the fiscal year ended March 31, 2008 (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Law and will be provided evenly in the following five years. As a result, provision for policy reserves increased by ¥186,139 million and net surplus from operations and net surplus before adjustment for taxes, etc. each decreased by ¥186,139 million.

19. Amortization of Intangible Fixed Assets

The Company uses the straight-line method of amortization for intangible fixed assets. Amortization of software developed for internal use is based on the estimated useful life of five years.

20. Reserve for Possible Reimbursement of Prescribed Claims

Until the fiscal year ended March 31, 2007, losses resulting from reimbursement of claims for which prescription periods had run out were recognized as expenses when the reimbursement was made. Effective the fiscal year ended March 31, 2008, in accordance with Auditing and Assurance Practice Committee report No.42 “Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserves defined under the Special Law and Reserve for Directors and Corporate Auditor Retirement Benefits” issued by the Japanese Institute of Certified Public Accountants (JICPA), a reserve for possible reimbursement of prescribed claims is established, which is estimated based on past reimbursement. As a result, net surplus from operations increased by ¥1,000 million and net surplus before adjustment for taxes, etc. decreased by ¥1,000 million.

21. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent was ¥674,569 million.

22. 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 ¥28,942 million. The amount of credits to bankrupt borrowers was ¥5,813 million, the amount of delinquent loans was ¥20,286 million, the amount of loans past due for three months or more was ¥1,682 million, and the amount of restructured loans was ¥1,159 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-offs of loans described in 9. above, credits to bankrupt borrowers and delinquent loans decreased by ¥1,246 million and ¥2,872 million, respectively.

23. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Law was ¥1,501,010 million. Separate account liabilities were the same amount as separate account assets.

24. Receivables and Payables to Subsidiaries

The total amounts of receivables and payables to subsidiaries and affiliated companies were ¥870 million and ¥4,997 million, respectively.

25. Application of Deferred Tax Accounting

Total deferred tax assets were ¥753,975 million. Total deferred tax liabilities were ¥574,755 million. Valuation allowance for deferred tax assets was ¥16,826 million.

Major components of deferred tax assets were as follows:

	(Millions of yen)
Insurance policy reserve	¥ 456,075
Reserve for employees' retirement benefits	173,355
Reserve for price fluctuations	79,900
Reserve for possible loan losses	14,561

Major components of deferred tax liabilities were as follows:

	(Millions of yen)
Net unrealized gains on securities	¥ 549,177

Deferred tax liabilities and deferred tax assets are offset and presented as deferred tax assets.

The statutory tax rate for the Company during the fiscal year ended March 31, 2008 was 36.08%. The principal reason for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes is the impact of reserve for policyholder dividends, whose effect is to reduce the tax rate by 18.73%.

26. Leased Computers

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

27. 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	¥ 358,170
Transfer from surplus in previous fiscal year	114,169
Dividends paid in fiscal year	(130,134)
Interest accrual in fiscal year	11,333
	<hr/>
Balance at the end of fiscal year	¥ 353,538

28. Stocks of Subsidiaries

The amount of stocks and equities of subsidiaries and affiliated companies the Company held was ¥82,634 million.

29. Assets Pledged as Collateral / Secured Liabilities

Amount of securities and cash/deposits pledged as collateral was ¥566,113 million and ¥86 million, respectively. Secured liabilities totaled ¥537,111 million. Among the amounts above, securities and cash collateral for securities lending transactions were ¥532,191 million and ¥537,079 million, respectively.

30. Reinsurance

Reserves 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 reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserve reinsured”) was ¥0 million.

31. Adjustment Items for Redemption of Foundation Funds and Appropriation of Net Surplus

The total amount of adjustment items for redemption of foundation funds and appropriation of net surplus, defined in Article 30, Paragraph 2 of the Enforcement Regulations of the Insurance Business Law, was ¥957,633 million.

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

Due to the redemption of foundation funds of ¥20,000 million, the Company provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Law.

33. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. The market value of the securities borrowed which are not sold or pledged was ¥44,217 million as of March 31, 2008, among which no securities are pledged as collateral.

34. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥18,179 million.

35. Subordinated Debt

Long-term debt and other borrowings included subordinated debt of ¥130,000 million whose repayment is subordinated to other obligations.

36. Subordinated Bonds

Subordinated bonds of ¥50,080 million shown in liabilities were foreign currency-denominated subordinated bonds of US\$499 million whose repayment is subordinated to other obligations.

37. Assets Denominated in Foreign Currencies

Assets of the Company denominated in foreign currencies totaled ¥5,348,506 million. The principal foreign currency asset amounts were US\$26,815 million and 11,871 million euros.

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

The future obligations of the Company estimated as of March 31, 2008 to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law were ¥63,675 million. These obligations will be recognized as operating expenses in the years in which they are paid.

5. Non-Consolidated Statements of Earnings

(Millions of yen)

	Year ended March 31 , 2007	Year ended March 31 , 2008
ORDINARY REVENUES	4,689,556	4,452,475
Premium and other income	3,293,707	3,098,525
Premium income	3,293,036	3,097,758
Reinsurance income	670	767
Investment income	1,088,348	1,026,369
Interest and dividends	771,458	832,184
Interest from bank deposits	4,838	4,687
Interest and dividends from securities	598,916	651,127
Interest from loans	106,147	102,821
Rental income	52,320	62,579
Other interest and dividends	9,234	10,969
Gains on sale of securities	202,434	150,181
Gains on redemption of securities	18,508	7,498
Derivative transaction gains	-	36,082
Other investment income	961	421
Gains on investment in separate accounts	94,986	-
Other ordinary revenues	307,500	327,580
Fund receipt for annuity rider of group insurance	1,299	1,127
Fund receipt for claim deposit payment	281,513	300,266
Transfer from reserves for outstanding claims	5,488	-
Reversal of reserve for possible claims payment	-	5,500
Other ordinary revenues	19,198	20,686
ORDINARY EXPENSES	4,452,698	4,251,893
Benefits and claims	2,377,981	2,648,008
Claims	785,051	868,816
Annuities	352,993	389,588
Benefits	468,612	522,129
Surrender values	665,028	699,602
Other refunds	105,158	166,641
Ceding reinsurance commissions	1,136	1,230
Provision for policy reserves and others	882,945	159,959
Provision for reserves for outstanding claims	-	2,578
Provision for policy reserves	871,390	146,047
Provision for interest on policyholder dividends	11,554	11,333
Investment expenses	314,196	563,957
Interest expenses	8,844	10,169
Losses on trading account securities	-	187
Losses on money held in trust	1,276	7,534
Losses on sale of securities	129,147	148,338
Losses on valuation of securities	12,044	31,904
Losses on redemption of securities	112	520
Derivative transaction losses	39,861	-
Foreign exchange losses	79,460	80,577
Provision for reserve for possible loan losses	946	1,339
Provision for reserve for possible investment losses	-	3,869
Write-down of loans	1,981	683
Depreciation of rented real estate and others	14,067	15,273
Other investment expenses	26,453	28,718
Losses on investment in separate accounts	-	234,842
Operating expenses	433,707	443,461
Other ordinary expenses	443,867	436,507
Claim deposit payments	359,664	354,310
National and local taxes	25,002	24,048
Depreciation	29,803	30,350
Provision for reserve for possible claims payment	5,500	-
Provision for reserve for employees' retirement benefits	14,333	13,842
Other ordinary expenses	9,564	13,955
NET SURPLUS FROM OPERATIONS	236,857	200,581
EXTRAORDINARY GAINS	3,807	4,426
Gains on disposal of fixed assets	3,036	651
Reversal of reserve for possible investment losses	123	-
Gains on collection of loans and claims written off	647	3,775
EXTRAORDINARY LOSSES	33,660	33,213
Losses on disposal of fixed assets	7,187	957
Impairment losses on fixed assets	9,820	3,476
One-time depreciation	-	11,350
Provision for reserve for possible reimbursement of prescribed claims	-	1,000
Provision for reserve for price fluctuations	14,000	14,000
Other extraordinary losses	2,652	2,428
Net surplus before adjustment for taxes, etc.	207,004	171,795
Corporate income taxes-current	112,432	122,123
Corporate income tax-deferred	(80,296)	(89,757)
Net surplus for the year	174,867	139,429

Notes to the Non-Consolidated Statement of Earnings

1. Yen Amounts

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

2. Revenues and Expenses from Transactions with Subsidiaries

Total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥3,941 million and ¥27,754 million, respectively.

3. Gains/Losses on Sale of Securities, Losses on Valuation of Securities

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥25,926 million, ¥42,567 million and ¥81,678 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥33,121 million, ¥2,618 million and ¥112,597 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥18,797 million and ¥13,107 million, respectively.

4. Reinsurance

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

5. Losses on Trading Account Securities

Losses on trading account securities included interest and dividends, losses on sale of securities and gains on valuation of securities of ¥500 million, ¥876 million and ¥182 million, respectively.

6. Losses on Money Held in Trust

Losses on money held in trust included losses on valuation of securities of ¥6,117 million.

7. Derivative Transaction Gains

Derivative transaction gains included valuation gains of ¥3,669 million.

8. Retirement Benefit Expenses

Retirement benefit expenses were ¥49,265 million, comprised of the following:

	(Millions of yen)
Service cost	¥ 24,186
Interest cost	10,652
Estimated investment income	(1,823)
Amortization of unrecognized actuarial differences	21,626
Amortization of unrecognized gains on plan amendments	(5,376)

Retirement benefit expenses

¥ 49,265

9. Impairment Losses on Fixed Assets

Details on impairment losses on fixed assets for the fiscal year ended March 31, 2008 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 for rent	4	¥ 174	¥ 437	¥ 835	¥ 1,447	
Real estate not in use	29	1,739	—	290	2,029	
Total	33	¥ 1,913	¥ 437	¥ 1,125	¥ 3,476	

(4) Calculation of Recoverable Value

Value in use or net sales 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 3.18% 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 sale value.

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

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Fundamental revenues	4,487,121	4,285,461
Premium and other income	3,293,707	3,098,525
Investment income	885,914	840,104
[Interest and dividends]	771,458	832,184
Other ordinary revenues	307,500	346,830
[Transfer from policy reserves]	-	19,250
Fundamental expense	3,989,302	3,830,477
Benefits and claims	2,377,981	2,648,008
Provision for policy reserves and others	682,943	13,911
Investment expenses	50,801	288,589
Operating expenses	433,707	443,461
Other ordinary expenses	443,867	436,507
Fundamental profit	A	497,819
Capital gains	202,434	186,264
Gains on money held in trust	-	-
Gains on investments in trading securities	-	-
Gains on sale of securities	202,434	150,181
Derivative transaction gains	-	36,082
Foreign exchange gains	-	-
Gains on trading account securities	-	-
Others	-	-
Capital losses	261,791	268,541
Losses on money held in trust	1,276	7,534
Losses on investments in trading securities	-	-
Losses on sale of securities	129,147	148,338
Losses on valuation of securities	12,044	31,904
Derivative transaction losses	39,861	-
Foreign exchange losses	79,460	80,577
Losses on trading account securities	-	187
Others	-	-
Net capital gains	B	(59,356)
Fundamental profit plus net capital gains	A+B	438,463
Other one-time gains	-	-
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Others	-	-
Other one-time losses	201,605	172,124
Ceding reinsurance commissions	-	-
Provision for contingency reserve	200,002	29,000
Provision for specific reserve for possible loan losses	(378)	2,273
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	1,981	683
Others	-	140,167
Other one-time profits	C	(201,605)
Net surplus from operations	A+B+C	236,857

Note: 'Others' in other one-time losses represents the total of (i) provision for reserve for possible investment losses (3,869 million yen), (ii) additional policy reserves provided in accordance with Articles 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Law (203,503 million yen), and (iii) positive effect of introduction of monthly policy reserve valuation (67,205 million yen).

7. Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Foundation funds and surplus															
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Surplus											Total of surplus	Total of foundation funds and surplus
				Reserve for future losses	Reserve for redemption of foundation funds	Fund for risk allowance	Fund for price fluctuation allowance	Subsidy for social public enterprise	Fund for Public Health Awards	Fund for Green Design Award	Reserve for tax basis adjustments of real estate	Other reserves	Unappropriated net surplus for the year			
Beginning balance as of March 31, 2007	140,000	280,000	248	4,700	36,400	43,139	10,000	9	6	6	13,891	100	157,618	265,871	686,119	
Changes for the year																
Transfer to reserve for policyholder dividends													(114,169)	(114,169)	(114,169)	
Transfer to reserve for future losses				400									(400)	-	-	
Transfer to accumulated redeemed foundation funds		20,000			(20,000)									(20,000)	-	
Interest payment for foundation funds													(2,678)	(2,678)	(2,678)	
Net surplus for the year													139,429	139,429	139,429	
Redemption of foundation funds	(20,000)													-	(20,000)	
Transfer to reserve for redemption of foundation funds					26,200								(26,200)	-	-	
Transfer to fund for price fluctuation allowance							10,000						(10,000)	-	-	
Transfer to subsidy for social public enterprise								2,326					(2,326)	-	-	
Transfer from subsidy for social public enterprise								(2,326)					2,326	-	-	
Transfer to fund for Public Health Awards									50				(50)	-	-	
Transfer from fund for Public Health Awards									(51)				51	-	-	
Transfer to fund for Green Design Award										50			(50)	-	-	
Transfer from fund for Green Design Award										(50)			50	-	-	
Transfer to reserve for tax basis adjustments of real estate											1,908		(1,908)	-	-	
Transfer from reserve for tax basis adjustments of real estate											(163)		163	-	-	
Transfer from reserve for land revaluation													1,460	1,460	1,460	
Net changes of items other than foundation funds and surplus																
Changes for the year	(20,000)	20,000	-	400	6,200	-	10,000	-	(1)	0	1,744	-	(14,300)	4,042	4,042	
Ending balance as of March 31, 2008	120,000	300,000	248	5,100	42,600	43,139	20,000	9	4	6	15,635	100	143,318	269,913	690,162	

	Valuation and translation adjustments				Total
	Net unrealized gains on securities, net of tax	Deferred hedge gains/losses	Reserve for land revaluation	Total of valuation and translation adjustments	
Beginning balance as of March 31, 2007	2,253,999	(2)	(60,005)	2,193,991	2,880,111
Changes for the year					
Transfer to reserve for policyholder dividends					(114,169)
Transfer to reserve for future losses					-
Transfer to accumulated redeemed foundation funds					-
Interest payment for foundation funds					(2,678)
Net surplus for the year					139,429
Redemption of foundation funds					(20,000)
Transfer to reserve for redemption of foundation funds					-
Transfer to fund for price fluctuation allowance					-
Transfer to subsidy for social public enterprise					-
Transfer from subsidy for social public enterprise					-
Transfer to fund for Public Health Awards					-
Transfer from fund for Public Health Awards					-
Transfer to fund for Green Design Award					-
Transfer from fund for Green Design Award					-
Transfer to reserve for tax basis adjustments of real estate					-
Transfer from reserve for tax basis adjustments of real estate					-
Transfer from reserve for land revaluation					1,460
Net changes of items other than foundation funds and surplus	(1,296,614)	2	(1,495)	(1,298,107)	(1,298,107)
Changes for the year	(1,296,614)	2	(1,495)	(1,298,107)	(1,294,065)
Ending balance as of March 31, 2008	957,385	-	(61,500)	895,884	1,586,046

8. Non-Consolidated Statements of Surplus

(Thousands of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Unappropriated net surplus for the year:	157,618,169	143,318,076
Transfer from general reserve	163,650	156,066
Transfer from reserve for tax basis adjustments of real estate	163,650	156,066
Total	157,781,819	143,474,143
Appropriation of unappropriated net surplus:	157,781,819	143,474,143
Reserve for policyholder dividends	114,169,449	89,227,951
Net surplus:	43,612,369	54,246,191
Reserve for future losses	400,000	300,000
Interest payment for foundation funds	2,678,120	2,328,000
General reserve:	40,534,249	51,618,191
Reserve for redemption of foundation funds	26,200,000	38,700,000
Fund for price fluctuation allowance	10,000,000	10,000,000
Subsidy for social public enterprise	2,326,000	2,326,000
Fund for Public Health Awards	50,000	60,000
Fund for Green Design Award	50,000	50,000
Transfer to reserve for tax basis adjustments of real estate	1,908,249	482,191

Note: Net surplus is calculated by deducting provision for reserve for policyholder dividends from unappropriated net surplus.

9. Disclosed Claims Based on Categories of Obligors

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Claims against bankrupt and quasi-bankrupt obligors	4,791	6,281
Claims with collection risk	10,985	19,820
Claims for special attention	3,135	2,842
Subtotal (I)	18,912	28,944
[Percentage (I)/(II)]	[0.33]	[0.54]
Claims against normal obligors	5,792,650	5,337,155
Total (II)	5,811,562	5,366,100

- 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.

10. Risk-Monitored Loans

(Millions of yen)

		As of March 31, 2007	As of March 31, 2008
Credits to bankrupt borrowers	(I)	4,022	5,813
Delinquent loans	(II)	11,725	20,286
Loans past due for three months or more	(III)	1,539	1,682
Restructured loans	(IV)	1,595	1,159
Total ((I)+(II)+(III)+(IV))		18,883	28,942
[Percentage of total loans]		[0.37]	[0.62]

- 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 in the fiscal years ended March 31, 2007 and 2008 were ¥4,494 million and ¥1,246 million, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2007 and 2008 were ¥3,111 million and ¥2,872 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.

11. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Total solvency margin (A)	6,031,846	4,588,750
Net assets (less certain items) ^{*1}	571,015	596,170
Reserve for price fluctuations	207,453	221,453
Contingency reserve	958,112	987,112
General reserve for possible loan losses	6,477	5,543
Net unrealized gains on securities (before tax) x 90% ^{*2}	3,173,159	1,348,016
Net unrealized gains (losses) on real estate x 85% ^{*2}	65,503	172,897
Policy reserves in excess of surrender values	-	1,015,148
Qualifying subordinated debt	189,007	180,080
Excluded items	(5,750)	(52,681)
Others	866,866	115,009
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,038,295	908,044
Insurance risk R_1	204,946	110,780
Assumed investment yield risk R_2	163,656	144,732
Investment risk R_3	825,908	698,666
Business risk R_4	23,967	22,033
Guaranteed minimum benefit risk R_7 ^{*3}	3,842	5,909
3rd sector insurance risk R_8	-	141,589
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,161.8%	1010.6%

*1: Expected disbursements from capital outside the Company and valuation and translation adjustments are excluded.

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

Note: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Law, and Announcement No. 50, Ministry of Finance, 1996. ("Policy reserves in excess of surrender values" is calculated based on Article 1 Paragraph 3-1 of the Announcement No. 50. The amount as of March 31, 2007 are included in "Others".)

2. Effective the fiscal year ended March 31, 2008, 3rd sector insurance risk is included in calculating the ratio. (The ratios as of March 31, 2007 are based on the former method).

12. Status of Separate Account for the Fiscal Year Ended March 31, 2008

(1) Separate Account Assets by Product

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Individual variable insurance	70,722	58,424
Individual variable annuities	291,197	229,768
Group annuities	1,404,092	1,212,817
Separate account total	1,766,012	1,501,010

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

(Millions of yen except number of policies)

	As of March 31, 2007		As of March 31, 2008	
	Number	Amount	Number	Amount
Variable insurance (term life)	327	1,581	267	1,291
Variable insurance (whole life)	50,574	319,017	49,609	311,037
Total	50,901	320,598	49,876	312,329

Note: Policies in force include term life riders.

B. Breakdown of separate account assets for individual variable insurance

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	Amount	%	Amount	%
Cash, deposits, and call loans	2	0.0	4	0.0
Securities	66,036	93.4	54,103	92.6
Domestic bonds	17,738	25.1	14,217	24.3
Domestic stocks	26,745	37.8	22,065	37.8
Foreign securities	21,552	30.5	17,820	30.5
Foreign bonds	8,205	11.6	6,278	10.7
Foreign stocks and other securities	13,347	18.9	11,542	19.8
Other securities	-	-	-	-
Loans	-	-	-	-
Others	4,683	6.6	4,316	7.4
Reserve for possible loan losses	-	-	-	-
Total	70,722	100.0	58,424	100.0

C. Investment gains and losses of separate account for individual variable insurance

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Interest and dividends	1,226	1,309
Gains on sales of securities	5,973	4,898
Gains on redemption of securities	-	-
Gains on valuation of securities	10,209	2,994
Foreign exchange gains	187	325
Derivative transaction gains	63	111
Other investment income	0	0
Losses on sales of securities	1,626	3,359
Losses on redemption of securities	-	-
Losses on valuation of securities	11,492	14,457
Foreign exchange losses	192	192
Derivative transaction losses	59	53
Other investment expenses	2	3
Net investment income	4,286	(8,426)

D. Fair value information on securities in separate account for individual variable insurance

* Valuation gains (losses) of trading securities

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	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	66,036	(1,283)	54,103	(11,462)

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

* Fair value information on money held in trust

The Company had no balance as of March 31, 2007 or 2008.

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

(Millions of yen except number of policies)

	As of March 31, 2007		As of March 31, 2008	
	Number	Amount	Number	Amount
Individual variable annuities	54,906	276,891	53,367	217,052

B. Breakdown of separate account assets for individual variable annuities

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	Amount	%	Amount	%
Cash, deposits, and call loans	4,250	1.5	2,492	1.1
Securities	284,555	97.7	224,617	97.8
Domestic bonds	5,407	1.9	5,239	2.3
Domestic stocks	4,439	1.5	3,813	1.7
Foreign securities	9,657	3.3	8,344	3.6
Foreign bonds	3,917	1.3	3,177	1.4
Foreign stocks and other securities	5,740	2.0	5,166	2.2
Other securities	265,050	91.0	207,219	90.2
Loans	-	-	-	-
Others	2,391	0.8	2,659	1.2
Reserve for possible loan losses	-	-	-	-
Total	291,197	100.0	229,768	100.0

C. Investment gains and losses of separate account for individual variable annuities

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2008
Interest and dividends	7,485	7,514
Gains on sales of securities	895	739
Gains on redemption of securities	-	-
Gains on valuation of securities	71,122	19,024
Foreign exchange gains	4	6
Derivative transaction gains	0	0
Other investment income	0	0
Losses on sales of securities	246	501
Losses on redemption of securities	-	-
Losses on valuation of securities	65,890	77,011
Foreign exchange losses	5	9
Derivative transaction losses	0	0
Other investment expenses	13	144
Net investment income	13,352	(50,381)

D. Fair value information on securities in separate account for individual variable annuities

* Valuation gains (losses) of trading securities

(Millions of yen)

	As of March 31, 2007		As of March 31, 2008	
	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	284,555	5,232	224,617	(57,987)

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

* Fair value information on money held in trust

The Company had no balance as of March 31, 2007 or 2008.

13. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(Millions of yen)

	Fiscal year ended March 31,2007	Fiscal year ended March 31,2008
Ordinary revenues	4,695,605	4,552,457
Net surplus from operations	239,447	192,879
Net surplus for the year	176,846	131,242
Total assets	33,600,059	31,941,710

(2) Scope of Consolidation and Application of Equity Method

	Fiscal year ended March 31,2007	Fiscal year ended March 31,2008
Number of consolidated subsidiaries	10	9
Number of non-consolidated subsidiaries accounted for under the	0	0
Number of affiliates accounted for under the equity method	10	10

(3) Consolidated Balance Sheets

(Millions of yen)

	As of March 31,2007	As of March 31,2008		As of March 31,2007	As of March 31,2008
(ASSETS)			(LIABILITIES)		
Cash and deposits	281,409	208,107	Policy reserves and others	28,115,690	28,350,278
Call loans	272,000	226,860	Reserves for outstanding claims	154,119	156,722
Deposit paid for securities borrowing transactions	-	47,273	Policy reserves	27,603,400	27,840,017
Monetary claims bought	462,329	316,767	Reserve for policyholder dividends	358,170	353,538
Trading account securities	-	46,663	Reinsurance payables	852	546
Money held in trust	32,564	25,223	Subordinated bonds	59,007	50,080
Securities	25,904,324	24,368,043	Other liabilities	1,052,716	1,103,766
Loans	5,063,247	4,647,912	Reserve for possible claims payment	5,500	-
Tangible fixed assets	1,173,778	1,239,249	Reserve for employees' retirement benefits	468,312	482,321
Intangible fixed assets	98,326	102,029	Reserve for retirement benefits of directors, executive officers and corporate auditors	1,652	1,200
Reinsurance receivables	124	123	Reserve for possible reimbursement of prescribed claims	-	1,000
Other assets	306,583	546,964	Reserve for price fluctuations	207,453	221,458
Deferred tax assets	1,444	163,962	Deferred tax liabilities	657,928	204
Customers' liabilities for acceptances and guarantees	15,581	18,835	Deferred tax liabilities for land revaluation	126,794	126,001
Reserve for possible loan losses	(11,568)	(12,351)	Acceptances and guarantees	15,581	18,835
Reserve for possible investment losses	(87)	(3,955)	Total liabilities	30,711,489	30,355,694
			(NET ASSETS)		
			Foundation funds	140,000	120,000
			Accumulated redeemed foundation funds	280,000	300,000
			Revaluation reserve	248	248
			Consolidated surplus	273,483	269,339
			Total of foundation funds and surplus	693,732	689,587
			Net unrealized gains on securities, net of tax	2,253,984	957,565
			Deferred hedge gains / losses	(2)	-
			Reserve for land revaluation	(60,005)	(61,500)
			Foreign currency translation adjustments	(141)	(553)
			Total of valuation and translation adjustments	2,193,835	895,510
			Minority interests	1,001	917
			Total net assets	2,888,569	1,586,016
Total assets	33,600,059	31,941,710	Total liabilities and net assets	33,600,059	31,941,710

(4) Consolidated Statements of Earnings

(Millions of yen)

	Year ended March 31,2007	Year ended March 31,2008
ORDINARY REVENUES	4,695,605	4,552,457
Premium and other income	3,293,707	3,191,012
Investment income	1,086,870	1,025,747
Interest and dividends	769,707	831,362
Gains on sale of securities	202,434	150,226
Gains on redemption of securities	18,519	7,501
Derivative transaction gains	-	36,082
Other investment income	1,223	573
Gains on investment in separate accounts	94,986	-
Other ordinary revenues	315,027	335,697
ORDINARY EXPENSES	4,456,158	4,359,577
Benefits and claims	2,377,981	2,648,792
Claims	785,051	869,063
Annuities	352,993	389,591
Benefits	468,612	522,169
Surrender values	665,028	699,992
Other refunds	106,294	167,976
Provision for policy reserves and others	882,945	250,749
Provision for reserves for outstanding claims	-	2,608
Provision for policy reserves	871,390	236,808
Provision for interest on policyholder dividends	11,554	11,333
Investment expenses	308,331	565,908
Interest expenses	8,850	10,176
Losses on trading account securities	-	187
Losses on money held in trust	1,276	7,534
Losses on sale of securities	129,153	148,349
Losses on valuation of securities	6,206	31,904
Losses on redemption of securities	112	520
Derivative transaction losses	39,861	-
Foreign exchange losses	79,383	80,603
Provision for reserve for possible loan losses	971	1,334
Provision for reserve for possible investment losses	-	3,868
Write-down of loans	1,985	689
Depreciation of rented real estate and others	14,067	15,273
Other investment expenses	26,463	28,732
Losses on investment in separate accounts	-	236,734
Operating expenses	436,947	450,412
Other ordinary expenses	449,952	443,714
NET SURPLUS FROM OPERATIONS	239,447	192,879
EXTRAORDINARY GAINS	3,852	4,431
Gains on disposal of fixed assets	3,036	651
Gains on collection of loans and claims written off	-	3,775
Reversal of reserve for possible investment losses	125	-
Other extraordinary gains	691	3
EXTRAORDINARY LOSSES	33,671	33,274
Losses on disposal of fixed assets	7,197	974
Impairment losses on fixed assets	9,820	3,476
One-time depreciation	-	11,350
Provision for reserve for possible reimbursement of prescribed claims	-	1,000
Provision for reserve for price fluctuations	14,000	14,005
Other extraordinary losses	2,653	2,468
Net surplus before adjustment for taxes, etc.	209,628	164,036
Corporate income taxes-current	112,847	122,658
Corporate income tax-deferred	(80,164)	(89,888)
Minority interests in profit of subsidiaries	98	23
Net surplus for the year	176,846	131,242

(5) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Foundation funds and surplus					Valuation and translation adjustments					Minority interests	Total net assets
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserve	Consolidated surplus	Total of foundation funds and surplus	Net unrealized gains on securities, net of tax	Deferred hedge gains/losses	Reserve for land revaluation	Foreign currency translation adjustments	Total of Valuation and translation adjustments		
Beginning balance as of March 31, 2007	140,000	280,000	248	273,483	693,732	2,253,984	(2)	(60,005)	(141)	2,193,835	1,001	2,888,569
Changes for the year												
Financing of additional foundation funds					-							-
Transfer to reserve for policyholder dividends				(114,169)	(114,169)							(114,169)
Transfer to accumulated redeemed foundation funds		20,000		(20,000)	-							-
Interest payment for foundation funds				(2,678)	(2,678)							(2,678)
Net surplus for the year				131,242	131,242							131,242
Redemption of foundation funds	(20,000)				(20,000)							(20,000)
Transfer from reserve for land revaluation				1,460	1,460							1,460
Net changes of items other than foundation funds and surplus						(1,296,419)	2	(1,495)	(412)	(1,298,324)	(84)	(1,298,408)
Changes for the year	(20,000)	20,000	-	(4,144)	(4,144)	(1,296,419)	2	(1,495)	(412)	(1,298,324)	(84)	(1,302,553)
Ending balance as of March 31, 2008	120,000	300,000	248	269,339	689,587	957,565	-	(61,500)	(553)	895,510	917	1,586,016

(6) Risk-Monitored Loans

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Credits to bankrupt borrowers (I)	4,022	5,813
Delinquent loans (II)	11,726	20,288
Loans past due for three months or more (III)	1,539	1,682
Restructured loans (IV)	1,599	1,162
Total ((I)+(II)+(III)+(IV)) [Percentage of total loans]	18,888 [0.37]	28,947 [0.62]

- Note:
- 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 in the fiscal years ended March 31, 2007 and 2008 were ¥4,494 million and ¥1,246 million, respectively. The write-offs relating to delinquent loans in the fiscal years ended March 31, 2007 and 2008 were ¥3,120 million and ¥2,879 million, respectively.
 - 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.
 - 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.

(Reference) Disclosed claims based on categories of obligors

(Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Claims against bankrupt and quasi-bankrupt obligors	4,791	6,281
Claims with collection risk	10,986	19,822
Claims for special attention	3,139	2,844
Subtotal	18,916	28,948
Claims against normal obligors	5,793,322	5,337,864
Total	5,812,239	5,366,813

- Note:
- 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.
 - 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.
 - 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.
 - Claims against normal obligors are all other loans.

(7) Status of Insurance Claims Paying Ability of Insurance Subsidiaries
(Solvency Margin Ratio)

The Dai-ichi Frontier Life Insurance Company (started operations on August 1, 2007) (Millions of yen)

	As of March 31, 2007	As of March 31, 2008
Total solvency margin (A)	-	41,036
Net assets (less certain items) ^{*1}	-	35,701
Reserve for price fluctuations	-	5
Contingency reserve	-	879
General reserve for possible loan losses	-	0
Net unrealized gains on securities (before tax) x 90% ^{*2}	-	226
Net unrealized gains (losses) on real estate x 85% ^{*2}	-	-
Policy reserves in excess of surrender values	-	4,223
Qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	-	3,978
Insurance risk R_1	-	-
Assumed investment yield risk R_2	-	0
Investment risk R_3	-	302
Business risk R_4	-	115
Guaranteed minimum benefit risk R_7 ^{*3}	-	3,559
3rd sector insurance risk R_8	-	-
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	-	2063.0%

Note: 1. The above figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Law, and Announcement No. 50, Ministry of Finance, 1996. ("Policy reserves in excess of surrender values" is calculated based on Article 1 Paragraph 3-1 of the Announcement No. 50.)
2. Guaranteed minimum benefit risk is calculated by standard method.

(8) Segment Information

The Company and its consolidated subsidiaries are engaged in businesses other than life insurance business, such as computer system and software development. Those businesses have a minimal impact on overall consolidated financial condition, and the segment information on those businesses is omitted.

14. Selected Financial Information by Insurance Product

(Millions of yen)

	Individual insurance and annuities	Group insurance	Group annuities	Others	Total
Policies in force at the beginning of the year	182,376,565	54,013,000	6,559,246	-	-
Policies in force at the end of the year	174,462,568	54,461,688	6,436,874	-	-
Net increase in policies in force	(7,913,996)	448,688	(122,371)	-	-
Ordinary revenues	-	-	-	-	4,452,475
a. Premium and other income	1,995,649	172,475	882,379	48,021	3,098,525
Premium	1,995,639	171,717	882,379	48,021	3,097,758
b. Ordinary revenues other than a. above	-	-	-	-	1,353,949
Ordinary expenses	-	-	-	-	4,251,893
c. Benefits and claims	1,625,831	95,605	872,488	54,083	2,648,008
Claims	730,224	93,054	43,945	1,591	868,816
Annuities	169,214	963	212,159	7,251	389,588
Benefits	199,916	286	316,666	5,259	522,129
Surrender values	488,962	156	170,555	39,928	699,602
d. Ordinary expenses other than c. above	-	-	-	-	1,603,884
Provision for policy reserves	246,787	(139)	(122,371)	(7,228)	146,047
Net surplus from operations	-	-	-	-	200,581

Note: 1. Categorization of insurance products:

'Others' are the sum of financial insurance, financial annuities, medical care insurance, group disability insurance and reinsurance written.

2. Policies in force:

- a. 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.
- b. Policies in force of group insurance include those of annuity riders attached to group insurance, which are the sum of (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.
- c. Policies in force of group annuities are equal to the amount of outstanding corresponding policy reserve.

3. Profit and loss items:

- a. 'Premium and other income' shows the sum of premium and reinsurance income.
- b. 'Benefits and claims' shows the sum of claims, annuities, benefits, surrender values, other payments and reinsurance premium.

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

(Millions of yen)

		Year ended March 31, 2007	Year ended March 31, 2008	Change
Fundamental profit	(i)	497,819	454,983	(42,836)
Negative spread / Investment spread		(42,644)	1,131	43,776
Mortality and morbidity gains		423,158	387,323	(35,835)
Expense margins		117,304	66,527	(50,777)
Net Capital gains	(ii)	(59,356)	(82,277)	(22,920)
Other one-time profits	(iii)	(201,605)	(172,124)	29,481
Provision for contingency reserves		(200,002)	(29,000)	171,002
Net surplus from operations	(iv) (=i)+(ii)+(iii)	236,857	200,581	(36,275)
Extraordinary gains and losses	(v)	(29,853)	(28,786)	1,067
Provision for reserve for price fluctuations		(14,000)	(14,000)	-
Corporate income taxes and others	(vi)	(49,386)	(28,477)	20,908
Unappropriated net surplus for the year	(vii) (=iv)+(v)+(vi)	157,618	143,318	(14,300)

Note: 1. Description of major sources of profit and loss:

- Negative spread (Investment 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

2. Fundamental Profit as well as major sources of profit and loss are more easily understood by taking into account other figures and items including capital gains/losses and retained earnings. For example, for the fiscal year ended March 31, 2008, ¥89,228 million is provided for reserve for policyholder dividends out of unappropriated net surplus of ¥143,318 million, after deducting items such as capital losses and taxes. On the other hand, in order to strengthen financial soundness, certain amount is provided for reserves including contingency reserve and reserve for price fluctuations, which are shown in lines (iii) and (v) above.