

# FINANCIAL SUMMARY

(For the Fiscal Year Ended March 31, 2008)

May 19, 2008

Name of Company: **T&D Holdings, Inc.**  
 Stock Listings: Tokyo, Osaka  
 Security Code No.: 8795  
 Head Office: Tokyo, Japan  
 URL: <http://www.td-holdings.co.jp/e/>  
 Date of Ordinary General Meeting of Shareholders: June 26, 2008  
 Projected Filing Date of Securities Report: June 26, 2008  
 Projected Starting Date of Dividend Distribution: June 27, 2008

## 1. Consolidated Operating Results for the Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)

### (1) Results of Operations

Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	% change	Ordinary Profit	% change	Net Income	% change
FY2007 ended March 31, 2008	¥2,330,071 million	1.9	¥155,712 million	(1.6)	¥36,749 million	(5.2)
FY2006 ended March 31, 2007	¥2,286,034 million	(6.5)	¥158,172 million	15.6	¥38,772 million	9.1

	Net Income per Share	Net Income per Share (Fully Diluted)	Ratio of Net Income to Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Ordinary Profit to Ordinary Revenues
FY2007 ended March 31, 2008	¥149.24	-	4.2%	1.1%	6.7%
FY2006 ended March 31, 2007	¥157.45	-	3.6%	1.1%	6.9%

Note: Equity in net gain of affiliated companies: ¥39 million for the fiscal year ended March 31, 2008; ¥33 million for the fiscal year ended March 31, 2007

### (2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2008	¥13,366,056 million	¥677,273 million	5.1%	¥2,743.16
As of March 31, 2007	¥14,090,977 million	¥1,090,229 million	7.7%	¥4,419.55

Note: Equity: as of March 31, 2008: ¥675,453 million; as of March 31, 2007: ¥1,088,319 million

### (3) Results of Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Term
FY2007 ended March 31, 2008	¥(64,130) million	¥(160,287) million	¥(4,609) million	¥982,596 million
FY2006 ended March 31, 2007	¥144,312 million	¥246,362 million	¥(1,648) million	¥1,217,045 million

## 2. Dividends

	Annual Dividends per Share			Dividends paid for the Year	Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	Interim	Year-End				
Year Ended March 31, 2007	¥65.00	-	¥65.00	¥16,006 million	41.3%	1.5%
Year Ended March 31, 2008	¥65.00	-	¥65.00	¥16,005 million	43.6%	1.8%
Year Ending March 31, 2009 (Forecast)	¥65.00	-	¥65.00		41.0%	

## 3. Consolidated Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

Note: % changes are presented in comparison with the same term of the previous year.

	Ordinary Revenues	Ordinary Profit	Net Income	Net Income per Share
Half-Year ending Sep.30, 2008	¥1,080,000 million (5.1%)	¥59,000 million (41.4%)	¥20,000 million (39.5%)	¥81.22
Year ending March 31, 2009	¥2,100,000 million (9.9%)	¥115,000 million (26.1%)	¥39,000 million 6.1%	¥158.39

#### 4. Others

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): None

(2) Changes in Accounting Principle and Procedure and Changes in Presentation Method for Consolidated Financial Summary:

Changes due to the revision of accounting standards: Applicable

Changes due to other factors: None

*Note: Please refer to T&D Holdings' "Summary of Significant Accounting Policies" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008."*

(3) Number of Outstanding Shares (Common Stock)

Number of outstanding shares including treasury stock at the end of the year: as of March 31, 2008: 246,330,000;  
as of March 31, 2007: 246,330,000

Number of treasury stock at the end of the year: as of March 31, 2008: 98,215;  
as of March 31, 2007: 78,848

*Note: Please refer to T&D Holdings' "Per Share Information" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008" about the number of shares used in the net income per share computations.*

#### (Reference) Non-Consolidated Financial Summary

##### 1. Non-Consolidated Operating Results for the Year Ended March 31, 2008 (April 1, 2007 – March 31, 2008)

(1) Results of Operations

*Note: Amounts of less than one million yen are omitted, and percentages have been rounded to the nearest percent. % changes are presented in comparison with the same term of the previous year.*

	Operating Income		Operating Profit		Ordinary Profit		Net Income	
	million	% change	million	% change	million	% change	million	% change
FY2007 ended March 31, 2008	¥19,306	17.7	¥16,411	18.9	¥16,347	18.2	¥16,166	19.0
FY2006 ended March 31, 2007	¥16,399	20.2	¥13,802	23.1	¥13,829	25.8	¥13,588	24.3

	Net Income per Share	Net Income per Share (Fully Diluted)
FY2007 ended March 31, 2008	¥65.65	-
FY2006 ended March 31, 2007	¥55.18	-

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of March 31, 2008	¥633,217 million	¥591,549 million	93.4%	¥2,402.41
As of March 31, 2007	¥632,016 million	¥591,530 million	93.6%	¥2,402.14

*Note: Equity: as of March 31, 2008: ¥591,549 million; as of March 31, 2007: ¥591,530 million*

##### 2. Non-Consolidated Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

*Note: % changes are presented in comparison with the same term of the previous year.*

	Operating Income		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	million	%	million	%	million	%	million	%	¥
Half-Year ending September 30, 2008	¥18,000	1.6	¥16,000	(1.0)	¥16,000	(0.8)	¥16,000	(0.3)	¥64.98
Year ending March 31, 2009	¥20,000	3.6	¥16,000	(2.5)	¥16,000	(2.1)	¥16,000	(1.0)	¥64.98

*The above forecasts for the year ending March 31, 2009 reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses. Please refer to T&D Holdings' "I. Results of Operations 4. Forecasts for the Year Ending March 31, 2009" section in this material "Financial Summary for the Fiscal Year Ended March 31, 2008" about consolidated forecasts and non-consolidated forecasts.*

# ***I. Results of Operations***

## ***1. Consolidated Results of Operations***

For the fiscal year ended March 31, 2008, ordinary revenues increased ¥44.0 billion, or 1.9 percent from the level of the same term of the previous fiscal year, to ¥2,330.0 billion, which was a total of income from insurance premiums of ¥1,613.1 billion (down 11.0 percent), investment income of ¥445.4 billion (up 9.3 percent), other ordinary income of ¥271.4 billion (up 305.3 percent) and others.

Ordinary expenses increased ¥46.4 billion, or 2.2 percent from the level of the same term of the previous fiscal year, to ¥2,174.3 billion, which was a total of insurance claims and other payments of ¥1,647.0 billion (up 1.0 percent), investment expenses of ¥241.9 billion (up 110.0 percent), operating expenses of ¥205.8 billion (down 1.5 percent), other ordinary expenses of ¥76.9 billion (down 2.3 percent).

As a result, ordinary profit decreased ¥2.4 billion, or 1.6 percent, to ¥155.7 billion. Ordinary profit decreased mainly due to an increase in investment expenses including devaluation losses on securities, although an increase in investment income including income from interest and dividends.

Extraordinary gains increased 167.3 percent, to ¥6.1 billion, and extraordinary losses increased 6.3 percent, to ¥37.5 billion. Extraordinary losses increased mainly due to provision for reserve for price fluctuations of ¥32.7 billion (up 7.1 percent).

After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, net income decreased ¥2.0 billion or 5.2 percent from the level of the same term of the previous fiscal year, to ¥36.7 billion.

## ***2. Consolidated Financial Position***

### **(1) Balance Sheets**

As of March 31, 2008, total assets amounted to ¥13,366.0 billion (down 5.1 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥9,244.5 billion (down 6.3 percent), loans of ¥2,363.4 billion (down 2.8 percent), monetary claims purchased of ¥430.5 billion (down 4.4 percent), tangible fixed assets of ¥309.2 billion (down 2.6 percent), cash and deposits of ¥308.4 billion (down 26.5 percent) and call loans of ¥279.8 billion (down 17.9 percent).

Total liabilities were ¥12,688.7 billion (down 2.4 percent), and policy reserves accounting for a substantial portion of them amounted to ¥12,137.7 billion (down 1.7 percent).

Total net assets were ¥677.2 billion (down 37.9 percent), of which net unrealized gains on securities was ¥246.8 billion (down 63.7 percent).

### **(2) Cash Flows**

Cash flows for the fiscal year ended March 31, 2008, were as follows.

Net cash used in operating activities was ¥64.1 billion, up ¥208.4 billion in expenditure compared with the revenue of ¥144.3 billion recorded in the previous fiscal year. This was mainly due to a decrease in income from insurance premiums and an increase in insurance claims

and other payments.

Net cash used in investing activities was ¥160.2 billion, up ¥406.6 billion in expenditure compared with the revenue of ¥246.3 billion recorded in the previous fiscal year. This was mainly due to an increase in purchases of securities.

Net cash used in financing activities was ¥4.6 billion, up ¥2.9 billion from the level of the previous fiscal year. This was mainly due to an increase in dividends paid.

As a result, cash and cash equivalents as of March 31, 2008 totaled ¥982.5 billion, down ¥234.4 billion from the beginning of the fiscal year.

### **(3) Equity Ratio and Market Capitalization Ratio**

	As of March 31, 2007	As of March 31, 2008
Equity ratio (Equity / Total assets) × 100)	7.7%	5.1%
Market capitalization ratio (Market capitalization/ Total assets) × 100)	14.2%	9.6%

### **3. Operations of Three Life Insurance Companies (Non-consolidated Basis)**

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

##### ***Taiyo Life Insurance Company:***

For the fiscal year ended March 31, 2008, Taiyo Life's ordinary revenues decreased ¥11.6 billion, or 1.2 percent from the level of the previous fiscal year, to ¥1,000.3 billion, which was a total of income from insurance premiums of ¥635.7 billion (down 9.9 percent), investment income of ¥229.6 billion (up 8.4 percent), and other ordinary income of ¥134.9 billion (up 42.8 percent).

Ordinary expenses decreased ¥17.0 billion, or 1.8 percent from the level of the previous fiscal year, to ¥943.3 billion, which was a total of insurance claims and other payments of ¥747.1 billion (down 3.3 percent), investment expenses of ¥76.1 billion (up 8.2 percent), operating expenses of ¥77.0 billion (down 2.2 percent) and others.

As a result, ordinary profit increased ¥5.3 billion, or 10.4 percent, to ¥57.0 billion. Ordinary profit increased mainly due to an increase in gains on sales of securities.

Extraordinary gains decreased 82.8 percent, to ¥0.6 billion, and extraordinary losses increased 16.4 percent, to ¥21.6 billion. Extraordinary losses mainly consisted of provision for reserve for price fluctuations of ¥20.7 billion (up 25.6 percent).

Net income decreased ¥1.3 billion, or 10.2 percent from the level of the previous fiscal year, to ¥12.0 billion.

Core profit (a measure of underlying profitability from core insurance operations on a non-consolidated basis) for the fiscal year ended March 31, 2008, recorded ¥53.0 billion, down 1.7 percent compared with the previous fiscal year, after compensating for a negative spread of ¥17.6 billion (down 28.6 percent).

##### ***Daido Life Insurance Company:***

For the fiscal year ended March 31, 2008, Daido Life's ordinary revenues increased ¥74.5 billion,

or 7.0 percent from the level of the previous fiscal year, to ¥1,136.3 billion, which was a total of income from insurance premiums of ¥843.3 billion (down 2.5 percent), investment income of ¥205.7 billion (up 12.2 percent), and other ordinary income of ¥87.2 billion (up 559.8 percent).

Ordinary expenses increased ¥91.0 billion, or 9.7 percent from the level of the previous fiscal year, to ¥1,031.6 billion, which was a total of insurance claims and other payments of ¥804.3 billion (up 6.1 percent) and investment expenses of ¥94.6 billion (up 114.4 percent), operating expenses of ¥114.1 billion (up 2.1 percent) and others.

As a result, ordinary profit decreased ¥16.5 billion, or 13.7 percent from the level of the previous fiscal year, to ¥104.6 billion. Ordinary profit decreased mainly due to an increase in devaluation losses on securities.

Extraordinary gains increased 66.1 percent, to ¥5.1 billion, and extraordinary losses decreased 2.8 percent, to ¥15.4 billion. Extraordinary losses mainly consisted of provision for reserve for price fluctuations of ¥11.9 billion (down 14.6 percent).

Net income decreased ¥12.7 billion, or 29.4 percent from the level of the previous fiscal year, to ¥30.4 billion.

The rate of decrease in net income is greater than that in ordinary profit mainly due to an increase in income taxes according to taxable devaluation losses on securities.

Core profit was ¥124.8 billion, a decrease of 0.7 percent compared with the previous fiscal year. A positive spread was ¥21.7 billion (up 159.3 percent) for the fiscal year ended March 31, 2008.

#### ***T&D Financial Life Insurance Company:***

For the fiscal year ended March 31, 2008, T&D Financial Life's ordinary revenues decreased ¥85.6 billion, or down 32.2 percent from the level of the previous fiscal year, to ¥180.4 billion, which was a total of income from insurance premiums of ¥134.0 billion (down 44.3 percent), investment income of ¥19.8 billion (up 15.5 percent), and other ordinary income of 26.5 billion (up 223.9 percent).

Ordinary expenses decreased ¥89.5 billion, or 32.0 percent from the level of the previous fiscal year, to ¥190.1 billion, which was a total of insurance claims and other payments of ¥95.5 billion (down 4.0 percent), investment expenses of ¥77.9 billion (up 1,535.5 percent), operating expenses of ¥13.6 billion (down 24.1 percent) and others.

As a result, ordinary losses improved ¥3.8 billion from the level of the previous fiscal year, to ¥9.6 billion (down 28.5 percent).

Net loss improved ¥3.7 billion from the level of the previous fiscal year, to ¥6.9 billion (down 35.3 percent).

T&D Financial Life marked a loss of ¥18.1 billion (up 181.6 percent) in its core profit for the fiscal year ended March 31, 2008. A negative spread was ¥4.1 billion (down 0.3 percent).

## **(2) Financial Position**

#### ***Taiyo Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥6,185.5 billion (down 5.6 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥4,152.4 billion (down 7.4 percent), loans of ¥1,481.8 billion (down 1.4 percent), tangible fixed

assets of ¥162.2 billion (down 0.8 percent), monetary claims purchased of ¥160.5 billion (up 3.4 percent).

Total liabilities were ¥5,931.2 billion (down 3.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,731.1 billion (down 1.8 percent).

Total net assets were ¥254.3 billion, down 40.9 percent from the previous fiscal year, of which net unrealized gains on securities was ¥136.1 billion (down 57.3 percent).

As of March 31, 2008, solvency margin ratio (a measure of insurance companies' financial soundness) was 1,000.6 percent (1,100.4 percent recorded at the end of the previous fiscal year). Furthermore, the value of adjusted net assets (adjusted assets at fair value less liabilities, excluding quasi-equity liabilities) amounted to ¥659.7 billion. (¥834.6 billion posted at the previous fiscal year-end)

#### ***Daido Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥6,047.8 billion (down 5.5 percent from March 31, 2007), mainly consisting of securities centered on public and corporate bonds amounting to ¥4,159.6 billion (down 5.7 percent), loans of ¥890.3 billion (down 4.6 percent), monetary claims purchased of ¥270.0 billion (down 8.5 percent), cash and deposits of ¥169.4 billion (down 42.0 percent), tangible fixed assets of ¥140.4 billion (down 4.4 percent), call loans of ¥127.8 billion (down 14.8 percent).

Total liabilities were ¥5,673.4 billion (down 2.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,392.1 billion (down 1.5 percent).

Total net assets were ¥374.4 billion, down 38.1 percent from the previous fiscal year, of which net unrealized gains on securities was ¥111.8 billion (down 69.2 percent).

As of March 31, 2008, solvency margin ratio was 1,096.3 percent (1,320.6 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥777.2 billion. (¥1,109.6 billion posted at the previous fiscal year-end)

#### ***T&D Financial Life Insurance Company:***

As of March 31, 2008, total assets amounted to ¥1,048.9 billion (down 2.7 percent from March 31, 2007), mainly consisting of securities amounting to ¥934.8 billion (down 4.4 percent), monetary trusts of ¥30.1 billion (up 144.4 percent), call loans of ¥29.5 billion (up 47.5 percent) and cash and deposits of ¥20.6 billion (down 32.7 percent).

Total liabilities were ¥1,022.0 billion (down 2.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥1,011.5 billion (down 1.7 percent).

Total net assets were ¥26.9 billion, down 21.3 percent from the previous fiscal year, of which net unrealized gains on securities was a loss of ¥1.1 billion (up 40.4 percent).

As of March 31, 2008, solvency margin ratio was 912.4 percent (1,189.7 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥63.7 billion. (¥63.5 billion posted at the previous fiscal year-end)

## **(Reference) Sales Results**

### ***Taiyo Life Insurance Company:***

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2008, decreased 30.7 percent compared with the same term of the previous fiscal year, to ¥1,474.1 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 10.3 percent compared with the same term of the previous fiscal year, to ¥1,348.6 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, decreased ¥462.2 billion, or 2.6 percent from the level of the previous fiscal year (¥17,644.5 billion posted at the previous fiscal year-end), to ¥17,182.2 billion.

### ***Daido Life Insurance Company:***

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the fiscal year ended March 31, 2008 increased 7.1 percent compared with the previous fiscal year, to ¥4,634.2 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 1.8 percent compared with the previous fiscal year, to ¥3,550.0 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, increased ¥165.0 billion, or 0.4 percent from the level of the previous fiscal year (¥39,732.0 billion posted at the previous fiscal year-end), to ¥39,897.1 billion.

### ***T&D Financial Life Insurance Company:***

The new policy amount of individual insurance and annuities (not including the net increase from conversions) for the fiscal year ended March 31, 2008 decreased 48.0 percent compared with the previous fiscal year, to ¥93.3 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 31.8 percent compared with the previous fiscal year, to ¥165.5 billion.

As a consequence, the total policy amount in force of individual insurance and annuities as of March 31, 2008, decreased ¥262.3 billion, or 10.4 percent from the level of the previous fiscal year (¥2,523.3 billion posted at the previous fiscal year-end), to ¥2,261.0 billion.

#### 4. Forecasts for the Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

##### (1) Consolidated

(Billions of yen)

	Ordinary revenues	Ordinary profit	Net income
Half-Year-end	1,080	59	20
Change	(5.1%)	(41.4%)	(39.5%)
Year-end	2,100	115	39
Change	(9.9%)	(26.1%)	6.1%

Note: "Change" represents the amount change from the same term of the previous year.

Ordinary revenues are expected to be ¥2,100 billion, a decrease of approximately ¥230 billion or 9.9 percent from the fiscal year ended March 31, 2008. Ordinary profit is expected to be ¥115 billion, a decrease of approximately ¥40 billion or 26.1 percent. This is mainly due to a decrease in income from interest and dividends and a decrease in gains on sales of securities, which is not expected the same level recorded at the fiscal year ended March 31, 2008.

Net income is expected to be ¥39 billion, an increase of approximately ¥2 billion or 6.1 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of provision for reserve for price fluctuations and income taxes, while ordinary profit is expected to decrease by approximately ¥40.0 billion from the fiscal year ended March 31, 2008.

##### Reference: Forecasts for the Year Ending March 31, 2009 of Three Life Insurance Companies (Non-consolidated Basis)

(Billions of yen)

	Taiyo Life	Daido Life	T&D Financial Life
Ordinary revenues	930	1,020	270
Change	(7.0%)	(10.2%)	49.6%
Ordinary profit (loss)	29	96	(14)
Change	(49.2%)	(8.3%)	44.8%
Core profit (loss)	46	107	(4)
Change	(13.3%)	(14.3%)	(78.0%)
Net income (loss)	13	34	(10)
Change	7.9%	11.6%	44.1%

Note: "Change" represents the amount change from the year ended March 31, 2008. An increase of figures in the item "loss" shows a bigger loss amount and vice versa.

##### Taiyo Life Insurance Company:

Ordinary profit is expected to be ¥ 29 billion, a decrease of approximately ¥28 billion or 49.2 percent from the fiscal year ended March 31, 2008. This is mainly due to a decrease in income from interest and dividends and a decrease in gains on sales of securities, which is not expected the same level recorded at the fiscal year ended March 31, 2008. Core profit is expected to be ¥46 billion, a decrease in approximately ¥7 billion or 13.3 percent.

Net income is expected to be ¥13 billion, an increase in approximately ¥1 billion or 7.9 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of provision for reserve for price fluctuations, while ordinary profit is expected to decrease by approximately ¥28 billion yen from the fiscal year ended March 31, 2008.

### ***Daido Life Insurance Company:***

Ordinary profit is expected to be ¥ 96 billion, a decrease in approximately ¥8 billion or 8.3 percent from the fiscal year ended March 31, 2008. This is mainly due to a decrease in income from interest and dividends, which is not expected the same level recorded at the fiscal year ended March 31, 2008. Core profit is expected to be ¥107 billion, a decrease in approximately ¥18 billion or 14.3 percent.

Net income is expected to be ¥34 billion, an increase in approximately ¥3 billion or 11.6 percent from the fiscal year ended March 31, 2008. This is due to an expected decrease of income taxes, while ordinary profit is expected to decrease by approximately ¥8 billion from the fiscal year ended March 31, 2008.

### ***T&D Financial Life Insurance Company:***

Ordinary loss is expected to be ¥14 billion, an increase in approximately ¥5 billion or 44.8 percent from the fiscal year ended March 31, 2008. This is because provision for reserve for policy reserves relating to minimum guarantee risks of variable annuities accompanying growth of new policy sales and operating expenses are expected to increase. Core profit is expected to be a loss of ¥4 billion, an increase in approximately ¥14 billion (down 78.0 percent) from the fiscal year ended March 31, 2008.

Net loss is expected to be ¥10 billion, an increase of approximately ¥3 billion or 44.1 percent from the fiscal year ended March 31 2007. This is mainly due to a decrease of ordinary revenues.

## **(2) Non-consolidated Forecasts for T&D Holdings**

The non-consolidated forecasts for the year ending March 31, 2009, are as follows:

(Billions of yen)

	Operating income	Operating profit	Ordinary profit	Net income
Half-Year-end	18	16	16	16
Change	1.6%	(1.0%)	(0.8%)	(0.3%)
Year-end	20	16	16	16
Change	3.6%	(2.5%)	(2.1%)	(1.0%)

*Note: "Change" represents the amount change from the same term of the previous year.*

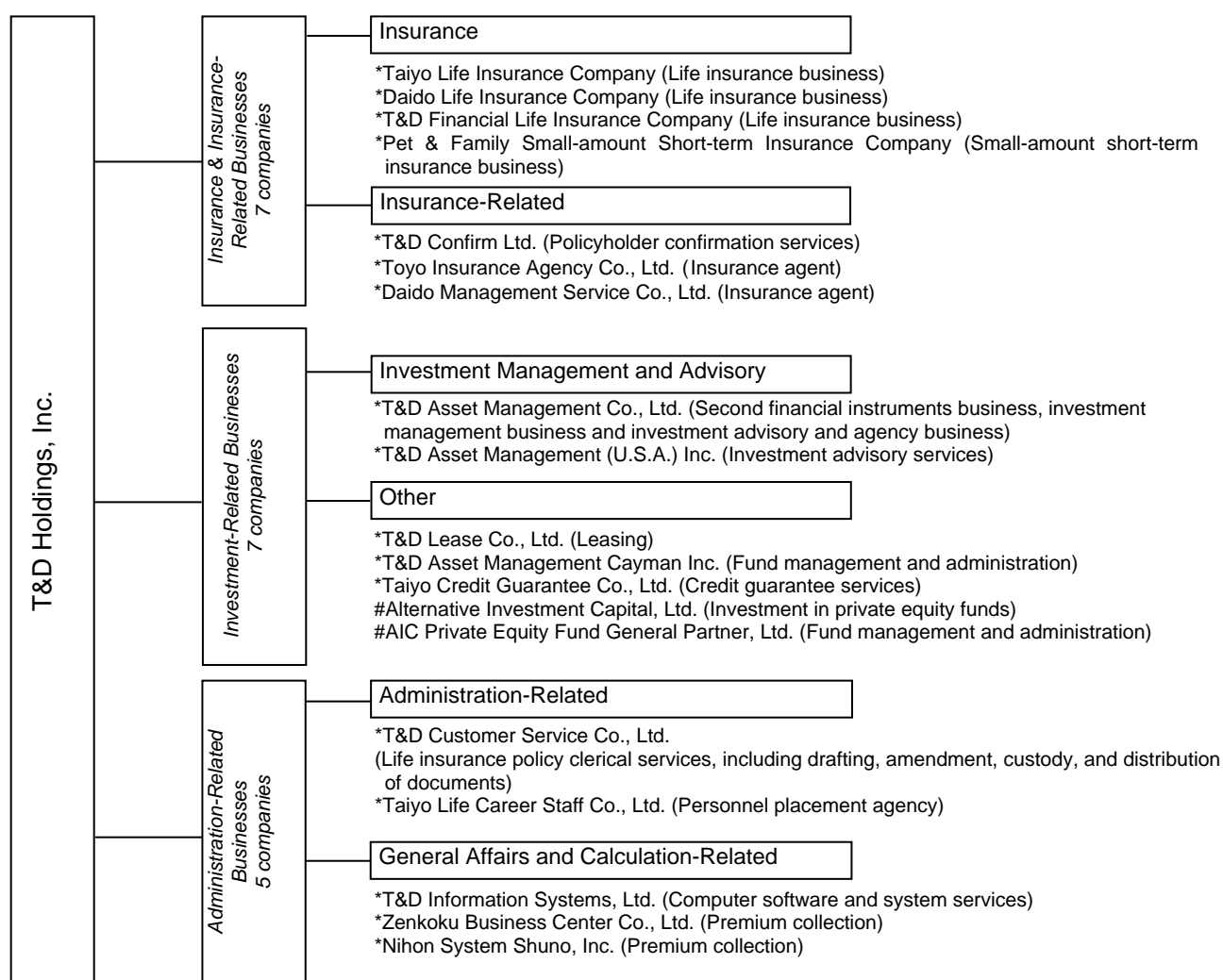
## **5. Basic Dividend Distribution Policy**

T&D Holdings' basic dividend distribution policy is to retain necessary internal reserves for the group in order to maintain a sound business base for T&D Holdings and group businesses. T&D Holdings also pursues policies aimed at increasing shareholder value and paying stable dividends.

In consideration of these policies, we plan to pay a dividend of ¥65 per share for the fiscal year ended March 31, 2008. And we plan to pay a dividend of ¥65 per share for the fiscal year ending March 31, 2009. As in the past, we continue an annual dividend payment approved by the Shareholders' Meeting based on the fiscal year end. According to the Articles of Incorporation, semiannual interim dividend payment as provided in Article 454-5 of the Japanese Company Law may be made by the resolution of the Board of Directors.

## II. Subsidiaries and Affiliates

T&D Holdings, Inc. (“T&D Holdings” and the “Company”), was established on April 1, 2004, as a holding company through the joint transfer of the stock of Taiyo Life Insurance Company (“Taiyo Life”), Daido Life Insurance Company (“Daido Life”), and T&D Financial Life Insurance Company (“T&D Financial Life”) (collectively, referred to below as the “Three Life Insurance Companies”). T&D Holdings and its subsidiaries (referred to below as the “T&D Life Group” or the “Group”) comprise the holding company, 17 subsidiaries and 2 affiliated companies as of March 31, 2008. Centered on the life insurance business, the Group’s operations are outlined below:



*Note: Companies marked by \* are consolidated subsidiaries, and companies marked by # are affiliated companies accounted for by the equity method.*

### ***III. Management Principles and Goals***

#### ***1. Basic Management Principles***

With our “Try & Discover” motto for creating value, the T&D Life Group aims to be a group that contributes to all people and societies. The Group’s four management visions are as follows:

- (1) Aim to provide the best products and services to increase customer satisfaction.
- (2) Aim to increase the value of the Group by expanding and creating value in areas where the Group can take full advantage of its strengths.
- (3) Broadly fulfill our social responsibilities with high ethical standards and strict compliance practices.
- (4) Aim to be an energetic group whose employees are encouraged to be creative and to take action.

#### ***2. Management Goals***

The T&D Life Group aims at sustainable growth in its Embedded Value (EV)\*, which is a yardstick to evaluate the corporate value of a life insurance company. Crucial for EV enhancement are “solid growth in new policy amount and the expansion of policy amount in force” as well as “attainment of higher managerial efficiency.” Based on a time-driven management style, the Group will meet the said crucial challenges and strive to enhance its corporate value.

\*Embedded value (EV) is the sum of adjusted book value calculated from the balance sheet, and existing business value, calculated from existing policies in force. In Europe and Canada, along with other information, EV is used to evaluate the corporate value of a stock life insurance company.

#### ***3. Medium-Term Management Strategy***

The T&D Life Group is pursuing the following five group strategies, along with the philosophies of “growing and expanding the insurance business” by further leveraging the unique strengths inherent in the business models of each of the Three Life Insurance Companies and “increasing operational efficiency and strategic concentration of investment ” through consolidation of the Group’s management resources.

- (1) Growing and expanding the life insurance business  
To grow and expand the Group’s core business, life insurance business, through the further reinforcement of the individual strengths of Taiyo Life, Daido Life, and T&D Financial Life, each of which have independent product strategies and sales strategies, within the Group.
- (2) Strategically reallocating the Group resources  
To enhance the Group’s corporate value through strategic reallocation of group management resources to the internal management department and fields with high growth capability and profitability.

- (3) Providing high-quality services and increasing operational efficiency  
To provide high-quality and appropriate services through the review of all operations regarding payments of insurance claims and benefits from the customer's viewpoint and to achieve greater efficiency through the integration of such common group infrastructure as back-office services and systems.
- (4) Strengthening profit management and risk management  
To win trust from customers by establishing a stronger financial basis through appropriate profit and risk management.
- (5) Expanding the Group presence  
To achieve mid- and long-term growth of the Group by expanding the life insurance business and entering into new business areas through alliances and M&A.

#### **4. Future Tasks**

The Japanese economy outlook is clouded by a slowdown in U.S. economy, fluctuations in equity and exchange markets and a rise in commodity prices.

In the Japanese life insurance industry, we are required to review our operations from customers' viewpoint and make the efforts continuously for the restoration of confidence. In October 2007, the Three Life Insurance Companies have announced results of the continued examination regarding cases of improper non-payment of insurance benefits and other benefits. The T&D Life Group will aim to make a sincere effort to prevent such a problem from occurring again.

Additionally competitions are expected to intensify in offering new products, new services and appealing premium rates due to rapid progress of aging population, diversification of customer needs, expansion of deregulation and diversification of marketing channels.

In such an environment, the T&D Life Group will strive to realize its management philosophy and win the trust of customers by offering new products and services which will fulfill customer satisfaction, and will address "Business Operations to Fulfill its Corporate Social Responsibility (CSR)".

## ***IV. Unaudited Consolidated Financial Statements***

T&D Holdings, Inc.

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## Unaudited Consolidated Balance Sheets

As of March 31,	2008		2007		Increase (decrease)	2008
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(Thousands of U.S. dollars)
<b>Assets:</b>						
Cash and deposits	¥ 308,428	2.3	¥ 419,874	3.0	¥ (111,445)	\$ 3,078,440
Call loans	279,800	2.1	340,800	2.4	(61,000)	2,792,693
Monetary claims purchased	430,592	3.2	450,533	3.2	(19,940)	4,297,763
Monetary trusts	134,769	1.0	113,187	0.8	21,581	1,345,138
Securities	9,244,528	69.2	9,870,253	70.0	(625,725)	92,269,975
Loans	2,363,476	17.7	2,430,540	17.2	(67,064)	23,589,945
Tangible fixed assets	309,279	2.3	317,603	2.3	(8,323)	3,086,931
Intangible fixed assets	23,755	0.2	22,921	0.2	834	237,108
Due from agencies	1,382	0.0	1,466	0.0	(83)	13,800
Due from reinsurers	8,472	0.0	8,955	0.1	(482)	84,568
Other assets	199,089	1.5	117,719	0.8	81,370	1,987,120
Deferred tax assets	66,419	0.5	770	0.0	65,648	662,932
Reserve for possible loan losses	(3,940)	(0.0)	(3,648)	(0.0)	(291)	(39,326)
<b>Total assets</b>	<b>13,366,056</b>	<b>100.0</b>	<b>14,090,977</b>	<b>100.0</b>	<b>(724,921)</b>	<b>133,407,093</b>
<b>Liabilities:</b>						
Policy reserves:						
Reserve for outstanding claims	75,264		73,651		1,613	751,218
Policy reserve	11,875,618		12,073,772		(198,154)	118,530,972
Reserve for policyholder dividends	186,873		197,357		(10,483)	1,865,195
Total policy reserves	12,137,756	90.8	12,344,781	87.6	(207,024)	121,147,386
Due to agencies	280	0.0	1,313	0.0	(1,032)	2,801
Due to reinsurers	491	0.0	529	0.0	(38)	4,900
Short-term debenture	27,971	0.2	20,000	0.2	7,971	279,183
Subordinated bonds	20,000	0.2	20,000	0.2	-	199,620
Other liabilities	232,992	1.7	178,750	1.3	54,241	2,325,505
Reserve for bonus to directors and corporate auditors	210	0.0	172	0.0	38	2,100
Reserve for employees' retirement benefits	116,849	0.9	114,986	0.8	1,863	1,166,275
Reserve for directors' and corporate auditors' retirement benefits	4,242	0.0	3,707	0.0	534	42,342
Reserve for price fluctuations	137,269	1.0	104,542	0.7	32,727	1,370,090
Deferred tax liabilities	10	0.0	201,178	1.4	(201,167)	105
Deferred tax liabilities on land revaluation	10,708	0.1	10,787	0.1	(78)	106,884
<b>Total liabilities</b>	<b>12,688,782</b>	<b>94.9</b>	<b>13,000,748</b>	<b>92.3</b>	<b>(311,965)</b>	<b>126,647,198</b>
<b>Net assets:</b>						
Common stock:						
Authorized – 966,000,000 shares						
Issued – 246,330,000 shares	118,595	0.9	118,595	0.8	-	1,183,705
Capital surplus	106,106	0.8	106,106	0.8	0	1,059,055
Retained earnings	251,934	1.9	231,678	1.6	20,256	2,514,571
Treasury stock	(638)	(0.0)	(496)	(0.0)	(141)	(6,372)
Total stockholders' equity	475,998	3.6	455,883	3.2	20,115	4,750,960
Net unrealized gains on securities	246,874	1.9	680,401	4.8	(433,527)	2,464,059
Gains on deferred hedge	571	0.0	488	0.0	83	5,700
Land revaluation	(48,014)	(0.4)	(48,501)	(0.3)	487	(479,237)
Foreign currency translation adjustments	24	0.0	48	0.0	(23)	245
Total valuation and translation adjustments	199,455	1.5	632,435	4.5	(432,980)	1,990,767
Minority interests	1,820	0.0	1,909	0.0	(89)	18,166
<b>Total net assets</b>	<b>677,273</b>	<b>5.1</b>	<b>1,090,229</b>	<b>7.7</b>	<b>(412,955)</b>	<b>6,759,894</b>
<b>Total liabilities and net assets</b>	<b>¥ 13,366,056</b>	<b>100.0</b>	<b>¥ 14,090,977</b>	<b>100.0</b>	<b>¥ (724,921)</b>	<b>\$ 133,407,093</b>

See notes to unaudited consolidated financial statements.

## Unaudited Consolidated Statements of Operations

Years ended March 31,	2008		2007		Increase (decrease)	2008
	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Ordinary revenues:</b>						
Income from insurance premiums	¥ 1,613,190		¥ 1,811,596		¥ (198,405)	\$ 16,101,309
Investment income:						
Interest, dividends and income from real estate for rent	288,345		269,689		18,655	2,877,988
Gains from monetary trusts, net	29,343		4,767		24,575	292,880
Gains on investments in trading securities, net	-		17,824		(17,824)	-
Gains on sales of securities	102,475		94,247		8,228	1,022,814
Gains on redemptions of securities	14		1		13	149
Gains from derivatives, net	22,312		-		22,312	222,699
Other investment income	2,921		2,763		158	29,158
Gains on separate accounts, net	-		18,156		(18,156)	-
Total investment income	445,413		407,449		37,963	4,445,690
Other ordinary income:						
Reversal of policy reserve	198,154		-		198,154	1,977,790
Other ordinary income	73,272		66,954		6,317	731,335
Total other ordinary income	271,427		66,954		204,472	2,709,125
Equity in net income of affiliated companies	39		33		6	397
<b>Total ordinary revenues</b>	<b>2,330,071</b>	<b>100.0</b>	<b>2,286,034</b>	<b>100.0</b>	<b>44,036</b>	<b>23,256,522</b>
<b>Ordinary expenses:</b>						
Insurance claims and other payments:						
Insurance claims	611,405		672,425		(61,019)	6,102,464
Annuity payments	175,789		161,682		14,107	1,754,563
Insurance benefits	304,388		296,469		7,919	3,038,117
Surrender payments	391,885		389,975		1,909	3,911,422
Other payments	163,563		110,131		53,432	1,632,533
Total insurance claims and other payments	1,647,033		1,630,683		16,349	16,439,101
Provision for policy and other reserves:						
Provision for reserve for outstanding claims	1,613		4,977		(3,363)	16,100
Provision for policy reserve	-		88,310		(88,310)	-
Interest portion of reserve for policyholder dividends	916		947		(31)	9,145
Total provision for policy and other reserves	2,529		94,235		(91,705)	25,246
Investment expenses:						
Interest expenses	2,138		1,806		332	21,348
Losses on investments in trading securities, net	25,192		-		25,192	251,444
Losses on sales of securities	62,224		52,377		9,846	621,060
Devaluation losses on securities	27,178		720		26,457	271,266
Losses from redemption of securities	-		1		(1)	-
Losses from derivatives, net	-		35,992		(35,992)	-
Foreign exchange losses, net	6,193		6,119		74	61,821
Provision for reserve for possible loan losses	304		0		304	3,043
Write-off of loans	189		12		177	1,895
Depreciation of real estate for rent	5,778		5,201		576	57,676
Other investment expenses	18,067		12,979		5,088	180,331
Losses on separate accounts, net	94,702		-		94,702	945,228
Total investment expenses	241,970		115,212		126,758	2,415,116
Operating expenses	205,853		208,963		(3,110)	2,054,627
Other ordinary expenses	76,971		78,767		(1,795)	768,256
<b>Total ordinary expenses</b>	<b>2,174,358</b>	<b>93.3</b>	<b>2,127,862</b>	<b>93.1</b>	<b>46,496</b>	<b>21,702,348</b>
<b>Ordinary profit</b>	<b>¥ 155,712</b>	<b>6.7</b>	<b>¥ 158,172</b>	<b>6.9</b>	<b>¥ (2,459)</b>	<b>\$ 1,554,174</b>

## Unaudited Consolidated Statements of Operations (continued)

Years ended March 31,	2008		2007		Increase (decrease)	2008
	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Extraordinary gains:</b>						
Gains on disposal of fixed assets	¥ 5,740		¥ 1,324		¥ 4,416	\$ 57,299
Recoveries of bad debts previously written-off	113		194		(80)	1,135
Other	246		763		(517)	2,455
<b>Total extraordinary gains</b>	<b>6,100</b>	<b>0.3</b>	2,281	0.1	3,818	<b>60,890</b>
<b>Extraordinary losses:</b>						
Losses on disposal and devaluation of fixed assets	4,194		1,111		3,083	41,866
Impairment loss	349		1,899		(1,550)	3,485
Provision for reserve for price fluctuations	32,727		30,546		2,180	326,651
Headquarters removal costs	-		1,257		(1,257)	-
Other	245		494		(249)	2,449
<b>Total extraordinary losses</b>	<b>37,516</b>	<b>1.6</b>	35,309	1.5	2,207	<b>374,451</b>
Provision for reserve for policyholder dividends	45,384	2.0	56,481	2.5	(11,097)	452,983
<b>Income before income taxes</b>	<b>78,912</b>	<b>3.4</b>	68,663	3.0	10,249	<b>787,629</b>
<b>Income taxes:</b>						
Current	64,753	2.8	50,665	2.2	14,088	646,309
Deferred	(22,581)	(1.0)	(20,909)	(0.9)	(1,671)	(225,387)
<b>Minority interests (losses)</b>	<b>(9)</b>	<b>(0.0)</b>	134	0.0	(144)	<b>(94)</b>
<b>Net income</b>	<b>¥ 36,749</b>	<b>1.6</b>	¥ 38,772	1.7	¥ (2,022)	<b>\$ 366,802</b>

*See notes to unaudited consolidated financial statements.*

## Unaudited Consolidated Statements of Changes in Net Assets

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
	<i>(Millions of yen)</i>				
Balance as of March 31, 2007	¥ 118,595	¥ 106,106	¥ 231,678	¥ (496)	¥ 455,883
Changes in the period:					
Dividends			(16,006)		(16,006)
Bonus to directors and corporate auditors					-
Net income			36,749		36,749
Acquisition of treasury stock				(156)	(156)
Disposal of treasury stock		0		14	14
Reversal of land revaluation			(487)		(487)
Net changes of items other than stockholders' equity					-
<b>Total changes in the period</b>	-	0	20,256	(141)	20,115
<b>Balance as of March 31, 2008</b>	¥ 118,595	¥ 106,106	¥ 251,934	¥ (638)	¥ 475,998

	Valuation and translation adjustments						
	Net unrealized gains on securities	Gains on deferred hedge	Land revaluation	Foreign currency translation adjustments	Total	Minority interests	Total net assets
	<i>(Millions of yen)</i>						
Balance as of March 31, 2007	¥ 680,401	¥ 488	¥ (48,501)	¥ 48	¥ 632,435	¥ 1,909	¥ 1,090,229
Changes in the period:							
Dividends							(16,006)
Bonus to directors and corporate auditors							-
Net income							36,749
Acquisition of treasury stock							(156)
Disposal of treasury stock							14
Reversal of land revaluation							(487)
Net changes of items other than stockholders' equity	(433,527)	83	487	(23)	(432,980)	(89)	(433,070)
<b>Total changes in the period</b>	(433,527)	83	487	(23)	(432,980)	(89)	(412,955)
<b>Balance as of March 31, 2008</b>	¥ 246,874	¥ 571	¥ (48,014)	¥ 24	¥ 199,455	¥ 1,820	¥ 677,273

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
	<i>(Thousands of U.S. dollars)</i>				
Balance as of March 31, 2007	\$ 1,183,705	\$ 1,059,054	\$ 2,312,390	\$ (4,959)	\$ 4,550,190
Changes in the period:					
Dividends			(159,759)		(159,759)
Bonus to directors and corporate auditors					-
Net income			366,802		366,802
Acquisition of treasury stock				(1,558)	(1,558)
Disposal of treasury stock		1		145	147
Reversal of land revaluation			(4,861)		(4,861)
Net changes of items other than stockholders' equity					-
<b>Total changes in the period</b>	-	1	202,180	(1,412)	200,769
<b>Balance as of March 31, 2008</b>	\$ 1,183,705	\$ 1,059,055	\$ 2,514,571	\$ (6,372)	\$ 4,750,960

	Valuation and translation adjustments						
	Net unrealized gains on securities	Gains on deferred hedge	Land revaluation	Foreign currency translation adjustments	Total	Minority interests	Total net assets
	<i>(Thousands of U.S. dollars)</i>						
Balance as of March 31, 2007	\$ 6,791,110	\$ 4,871	\$ (484,099)	\$ 482	\$ 6,312,365	\$ 19,062	\$ 10,881,618
Changes in the period:							
Dividends							(159,759)
Bonus to directors and corporate auditors							-
Net income							366,802
Acquisition of treasury stock							(1,558)
Disposal of treasury stock							147
Reversal of land revaluation							(4,861)
Net changes of items other than stockholders' equity	(4,327,050)	829	4,861	(237)	(4,321,597)	(896)	(4,322,493)
<b>Total changes in the period</b>	(4,327,050)	829	4,861	(237)	(4,321,597)	(896)	(4,121,723)
<b>Balance as of March 31, 2008</b>	\$ 2,464,059	\$ 5,700	\$ (479,237)	\$ 245	\$ 1,990,767	\$ 18,166	\$ 6,759,894

## Unaudited Consolidated Statements of Changes in Net Assets (continued)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
	<i>(Millions of yen)</i>				
Balance as of March 31, 2006	¥ 118,595	¥ 106,104	¥ 205,889	¥ (322)	¥ 430,266
Changes in the period:					
Dividends			(13,544)		(13,544)
Bonus to directors and corporate auditors			(216)		(216)
Net income			38,772		38,772
Acquisition of treasury stock				(179)	(179)
Disposal of treasury stock		2		5	8
Reversal of land revaluation			777		777
Net changes of items other than stockholders' equity					-
<b>Total changes in the period</b>	-	2	25,788	(174)	25,616
<b>Balance as of March 31, 2007</b>	¥ 118,595	¥ 106,106	¥ 231,678	¥ (496)	¥ 455,883

	Valuation and translation adjustments						
	Net unrealized gains on securities	Gains on deferred hedge	Land revaluation	Foreign currency translation adjustments	Total	Minority interests	Total net assets
	<i>(Millions of yen)</i>						
Balance as of March 31, 2006	¥ 697,511	¥ -	¥ (47,724)	¥ 44	¥ 649,831	¥ 1,514	¥ 1,081,613
Changes in the period:							
Dividends							(13,544)
Bonus to directors and corporate auditors							(216)
Net income							38,772
Acquisition of treasury stock							(179)
Disposal of treasury stock							8
Reversal of land revaluation							777
Net changes of items other than stockholders' equity	(17,110)	488	(777)	4	(17,395)	394	(17,000)
<b>Total changes in the period</b>	(17,110)	488	(777)	4	(17,395)	394	8,616
<b>Balance as of March 31, 2007</b>	¥ 680,401	¥ 488	¥ (48,501)	¥ 48	¥ 632,435	¥ 1,909	¥ 1,090,229

*See notes to unaudited consolidated financial statements.*

## Unaudited Consolidated Statements of Cash Flows

Years ended March 31,	2008	2007	Increase (decrease)	2008
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
<b>Cash flows from operating activities:</b>				
Income before income taxes	¥ 78,912	¥ 68,663	¥ 10,249	\$ 787,629
Depreciation of real estate for rent	5,778	5,201	576	57,676
Other depreciation and amortization	13,671	14,054	(383)	136,454
Impairment loss	349	1,899	(1,550)	3,485
Amortization of goodwill due to consolidation	17	405	(388)	171
Increase in reserve for outstanding claims	1,613	4,977	(3,363)	16,100
Increase (decrease) in policy reserve	(198,154)	88,310	(286,465)	(1,977,790)
Increase in interest portion of reserve for policyholder dividends	916	947	(31)	9,145
Increase in provision for reserve for policyholder dividends	45,384	56,481	(11,097)	452,983
Increase (decrease) in reserve for possible loan losses	291	(83)	374	2,908
Increase in reserve for bonus to directors and corporate auditors	38	172	(133)	382
Increase in reserve for employees' retirement benefits	1,863	6,603	(4,739)	18,595
Increase in reserve for directors' and corporate auditors' retirement benefits	534	339	194	5,333
Increase in reserve for price fluctuations	32,727	30,546	2,180	326,651
Interest, dividends and income from real estate for rent	(288,345)	(269,689)	(18,655)	(2,877,988)
(Gains) losses on investment securities	106,806	(77,129)	183,935	1,066,035
Interest expense	2,138	1,806	332	21,348
Exchange losses	6,122	6,185	(62)	61,112
Gains on disposal of tangible fixed assets	(2,290)	(345)	(1,945)	(22,862)
Equity in net income of affiliated companies	(39)	(33)	(6)	(397)
Decrease in amount due from agencies	83	81	1	835
(Increase) decrease in amount due from reinsurers	482	(1,759)	2,241	4,813
Increase in other assets (excluding investment activities-related and financing activities-related)	(14,241)	(6,551)	(7,689)	(142,145)
Increase (decrease) in amount due to agencies	(1,032)	464	(1,496)	(10,306)
Decrease in amount due to reinsurers	(38)	(20)	(17)	(380)
Increase in other liabilities (excluding investment activities-related and financing activities-related)	3,614	1,521	2,093	36,081
Other, net	(36,269)	41,436	(77,706)	(362,008)
Subtotal	(239,066)	(25,512)	(213,554)	(2,386,133)
Interest, dividends and income from real estate for rent received	286,857	260,170	26,687	2,863,136
Interest paid	(2,102)	(1,812)	(290)	(20,983)
Policyholder dividends	(56,808)	(56,763)	(45)	(567,007)
Other, net	8,031	11,823	(3,791)	80,166
Income taxes received (paid)	(61,042)	(43,594)	(17,448)	(609,267)
Net cash provided by (used in) operating activities	(64,130)	144,312	(208,442)	(640,089)

## Unaudited Consolidated Statements of Cash Flows (continued)

Years ended March 31,	2008	2007	Increase (decrease)	2008
	<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
<b>Cash flows from investing activities:</b>				
(Net increase) net decrease in short-term investments	¥ (1,450)	¥ 0	¥ (1,450)	\$ (14,472)
Investments in monetary claims purchased	(110,473)	(164,492)	54,019	(1,102,637)
Proceeds from sale and redemption of monetary claims purchased	60,206	37,041	23,165	600,927
Investments in monetary trusts	(63,000)	(25,500)	(37,500)	(628,805)
Proceeds from monetary trusts	35,693	159,308	(123,615)	356,257
Purchase of securities	(3,180,320)	(2,543,595)	(636,725)	(31,742,897)
Sale and redemption of securities	3,010,949	2,802,515	208,434	30,052,397
Investments in loans	(665,281)	(639,698)	(25,582)	(6,640,196)
Collection of loans	735,352	731,108	4,244	7,339,584
Other, net	21,643	(99,357)	121,001	216,025
Subtotal	(156,678)	257,329	(414,008)	(1,563,816)
Total of net cash provided by (used in) operating activities and investment transactions as above	(220,809)	401,641	(622,450)	(2,203,906)
Purchase of tangible fixed assets	(11,577)	(14,264)	2,686	(115,556)
Proceeds from disposal of tangible fixed assets	7,969	3,484	4,484	79,541
Purchase of subsidiary's equity with a change of scope of consolidation	-	(186)	186	-
Net cash provided by (used in) investing activities	(160,287)	246,362	(406,650)	(1,599,831)
<b>Cash flows from financing activities:</b>				
Income from short-term debenture	7,952	-	7,952	79,371
Proceeds from debt	10,450	18,100	(7,650)	104,301
Repayments of debt	(7,099)	(6,316)	(783)	(70,861)
Purchase of treasury stock	(156)	(179)	23	(1,558)
Sale of treasury stock	14	8	6	147
Dividends paid	(15,738)	(13,229)	(2,509)	(157,086)
Dividends paid to minority interests	(32)	(30)	(1)	(323)
Net cash used in financing activities	(4,609)	(1,648)	(2,961)	(46,009)
Effect of exchange rate changes on cash and cash equivalents	(5,421)	(6,384)	962	(54,117)
Net Increase (decrease) in cash and cash equivalents	(234,449)	382,642	(617,091)	(2,340,047)
Cash and cash equivalents at beginning of year	1,217,045	834,403	382,642	12,147,378
Cash and cash equivalents at end of year	¥ 982,596	¥ 1,217,045	¥ (234,449)	\$ 9,807,331

See notes to unaudited consolidated financial statements.

# T&D Holdings, Inc.

## Notes to Unaudited Consolidated Financial Statements

March 31, 2008

### 1. Summary of Significant Accounting Policies

#### (a) Basis of presentation

On April 1, 2004, T&D Holdings, Inc. (the “Company”), was established as a life insurance holding company, through which Taiyo Life Insurance Company (“Taiyo Life”), Daido Life Insurance Company (“Daido Life”) and T&D Financial Life Insurance Company (“T&D Financial Life”) (hereafter, the “Three Life Insurance Companies”), have become wholly owned subsidiaries through share transfers. The business combination was accounted for as a pooling of interests.

The Company, including its domestic consolidated subsidiaries, maintains its accounting records and prepares its financial statements in Japanese yen in accordance with the provisions of the Insurance Business Law of Japan (the “Insurance Business Law”) and in conformity with generally accepted accounting principles and practices in Japan.

The accompanying consolidated financial statements are compiled from the financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. In preparing the consolidated financial statements, certain items presented in the original financial statements have been reclassified and summarized for readers outside Japan. These consolidated financial statements have been prepared on the basis of generally accepted accounting principles and practices in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the accompanying footnotes include information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information to the consolidated financial statements.

Amounts of less than one million yen and one thousand U.S. dollars have been eliminated. As a result, yen and U.S. dollar totals shown herein do not necessarily agree with the sum of the individual amounts.

#### (b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All material intercompany balances and transactions are eliminated. The number of consolidated subsidiaries for the years ended March 31, 2008 and 2007 were 17, respectively.

Investments in affiliates are accounted for under the equity method. The number of affiliated companies for the years ended March 31, 2008 and 2007 were two, respectively.

There are no affiliated companies which are accounted for under the cost method.

Further information for consolidated subsidiaries and affiliated companies is shown in “II. Subsidiaries and affiliates.”

The financial statements of subsidiaries located outside Japan for the year ended December 31 are consolidated. Appropriate adjustments have been made for material transactions between December 31 and March 31, the date of the Company’s consolidated financial statements.

**(c) Foreign currency translation**

(i) Foreign currency accounts

Foreign currency assets and liabilities are translated into yen at the prevailing foreign exchange rates at respective balance sheet date except for certain hedging instruments and related hedged items, which are translated at the contracted rates of such hedging instruments.

All income and expenses denominated in foreign currencies are translated at the prevailing exchange rates when such transactions are made. Exchange gains and losses are credited or charged to income.

(ii) Foreign currency financial statements of consolidated subsidiaries

Assets, liabilities, income and expenses of the Company's affiliates located outside Japan are translated into yen at the exchange rates in effect at the consolidated balance sheet date in accordance with generally accepted accounting principles and practices in Japan. Gains and losses resulting from translation of foreign currency financial statements are excluded from the consolidated statements of operations and are accumulated in "Foreign currency translation adjustments" or "Minority interests" as a separate component of net assets.

**(d) Investments in securities other than those of subsidiaries and affiliates**

Investments in securities other than those of subsidiaries and affiliates are classified as trading, held-to-maturity, available-for-sale securities or policy reserve-matching bonds. Available-for-sale securities with readily obtainable fair values ("marketable available-for-sale securities") and trading securities are stated at fair value. Unrealized gains and losses on trading securities are reported in the consolidated statements of operations. Unrealized gains and losses on marketable available-for-sale securities are reported in a separate component of net assets, net of income taxes, unless the decline of the fair value of any particular available-for-sale securities is considered to be a permanent impairment, in which case such declines are recorded as devaluation (impairment) losses and recorded on the statements of operations. Held-to-maturity and available-for-sale securities without readily obtainable fair values are stated at amortized cost. For the purpose of computing realized gains and losses, the cost is determined on the moving-average method.

Taiyo Life has set up policy reserve-matching bonds. The purpose of the policy reserve-matching bonds is to reflect Taiyo Life's Asset Liability Management (ALM) activity in its financial statements. Taiyo Life holds these bonds to hedge the interest rate risk arising from contracted insurance policies. Policy reserve-matching bonds are not stated at fair market value but are stated at amortized cost, matching with the accounting treatment of the policy reserve of insurance policies. For the purpose of computing realized gains and losses, cost is determined by the moving-average method.

Taiyo Life's management and investment policies for policy reserve-matching bonds include risk management guidelines for monitoring such bonds. Based on the guidelines, Taiyo Life categorizes insurance policies into (1) all policies except for "group insurance policies" and "other insurance policies" with respect to general assets, (2) all policies for "defined contribution corporate pension insurance" and "group pure endowment insurance" policies with respect to group annuity insurance assets, and (3) all policies with respect to single premium whole life insurance assets.

**(e) Reserve for possible loan losses**

The reserve for possible loan losses is established in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines. With respect to loans to borrowers subject to bankruptcy and similar proceedings, the Three Life Insurance Companies provide specific reserves in the amount of the loan balance less amounts collectible from collateral, guarantees and by other means. For loans to borrowers who are not yet bankrupt but highly likely to fall into bankruptcy, management determines and provides for the necessary specific reserve amount based on an overall assessment of the borrowers' ability to pay after subtracting the amount collectible from collateral, guarantees and by other means. With respect to other loans, the Three Life Insurance Companies provide for a general reserve by applying the historical loan-loss ratio determined over a fixed period. Each loan is subject to asset assessment by the business-related division in accordance with the Three Life Insurance Companies' Self-Assessment Guidelines, and the results of the assessment are reviewed by the internal auditing division, which is independent from the business-related division, before the reserve amount is finally determined.

Other consolidated subsidiaries also establish reserves for possible loan losses using the procedures in the same manner as the Three Life Insurance Companies. The provision of the reserve is based on the results of self-assessment procedures and also provides for an amount, if considered necessary by management, by applying the historical loan-loss ratio determined over a fixed period.

**(f) Reserve for price fluctuations**

Pursuant to requirements under Article 115 of the Insurance Business Law, the Three Life Insurance Companies maintain a reserve for price fluctuations primarily related to stocks, bonds and foreign currency-denominated assets which are exposed to losses due to market price fluctuations. This reserve may only be used to reduce deficits arising from price fluctuations on those assets.

**(g) Policy reserve**

Pursuant to requirements under Article 116 of the Insurance Business Law, the Three Life Insurance Companies maintain a policy reserve for the fulfilment of future obligations under life insurance contracts. The reserve of the accompanying consolidated financial statements is established pursuant to the net level premium method. This method assumes a constant or level amount of net insurance premiums over the term of the relevant policy in calculating the amount of the reserve required to fund all future policy benefits. The net insurance premium is the portion of the premium covering insurance underwriting risk, based on factors such as mortality rates, investment yield and policy cancellation rates, and excluding the portion covering administrative expenses. The net level premium reserve is calculated using interest and mortality rates set by the Financial Services Agency. For policies issued after April 2007, the net level premium reserve is calculated using an annual 1.5% interest rate and the mortality rate specified in the Life Insurance Companies Standard Mortality Table 2007.

In addition to the above, to provide for any extraordinary risks which might arise in the future, the Three Life Insurance Companies are required to maintain a contingency reserve at an amount determined based on requirements under the Insurance Business Law.

**(h) Reserve for bonus to directors and corporate auditors**

To provide for payment of the bonus to directors and corporate auditors, the Company and its consolidated subsidiaries set up a reserve for directors' and corporate auditors' bonus based on the expected amount to be paid in the year ended March 31, 2008.

**(i) Reserve for employees' retirement benefits**

The Company and its consolidated subsidiaries maintain noncontributory defined benefit plans covering substantially all employees. Under the plans, qualified employees are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement or termination of employment for reasons other than dismissal.

The Company and its consolidated subsidiaries set up a reserve for employees' retirement benefits under the defined benefit plans based on the actuarial calculation value of the retirement benefit obligations and the pension assets. The attribution of retirement benefits to periods of employees' service is made based on the benefit/years of service approach.

Net obligation at translation on the employees' retirement benefits plan due to the change of rules for some employees' retirement benefits by Taiyo Life is recorded on statements of operations for the year ended March 31, 2008.

Net actuarial gains and losses on the employees' retirement benefits plan are recorded on statements of operations when incurred.

**(j) Reserve for directors' and corporate auditors' retirement benefits**

The Company and certain domestic consolidated subsidiaries have maintained retirement benefit plans covering all directors and corporate auditors. Under the plans, all directors and corporate auditors are entitled to lump-sum or annuity payments based on their current rate of salaries and length of service at retirement.

The Company and these certain domestic consolidated subsidiaries set up a reserve for directors' and corporate auditors' retirement benefits under the defined benefit plans based on an actuarial calculation of the value of the retirement benefit obligations. The attribution of retirement benefits to periods of consignees' service is made based on the benefit/years of service approach.

**(k) Income taxes**

The Company has adopted the consolidated corporate tax system. The consolidated corporate tax system allows companies to pay taxes based on the combined profits or losses of a parent company and its wholly owned domestic subsidiaries. Due to the adoption of the consolidated corporate tax system, a portion of valuation allowance for deferred tax assets was reduced in respect of certain consolidated subsidiaries' tax loss carryforwards for which there had been uncertainty regarding realization.

The provision for income taxes is based on income recognized for financial statement purposes, which includes deferred income taxes representing the effects of temporary differences between income recognized for financial reporting purposes and income tax purposes. Deferred tax assets and liabilities are determined based on the difference between assets and liabilities for financial reporting purposes and tax purposes using the statutory tax rate.

**(l) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method for buildings acquired on and after April 1, 1998 and by the declining-balance method for other property and equipment, based on estimated useful lives ranging from 3 to 50 years for buildings and improvements and from 2 to 20 years for equipment.

Depreciation method used for tangible fixed assets acquired on and after April 1, 2007 has been changed based on an amendment in corporate tax law. As a result of the change, ordinary profit and income before income taxes decreased by ¥68 million (\$680 thousand) for the year ended March 31, 2008.

As for tangible fixed assets acquired on and before March 31, 2007, residual value has been depreciated under the straight-line method over five years from the year after tangible fixed assets are thoroughly depreciated to the limits of depreciable amount. As a result of the change, ordinary profit and income before income taxes decreased by ¥275 million (\$2,752 thousand) for the year ended March 31, 2008.

**(m) Software**

Development costs for internal-use software, which are included in intangible fixed assets, are capitalized and amortized under the straight-line method over their estimated useful lives of 5 years.

**(n) Leases**

Under the Japanese accounting standards for leases, finance leases that have been deemed to transfer ownership of the leased property to the lessee (“ownership-transfer finance lease”) are capitalized by the lessee, while other finance leases (“nonownership-transfer finance lease”) are permitted to be accounted for as operating lease transactions.

The Company and its consolidated subsidiaries treat all nonownership-transfer finance leases as operating leases. Accordingly, leased assets with respect to nonownership-transfer finance leases where the Company is the lessee are not recognized in the accompanying consolidated balance sheets and lease payments are charged to expense when incurred. Nonownership-transfer finance leases where the Company is lessor are not treated as finance transactions and related leased assets are included in other assets in the accompanying consolidated balance sheets. Depreciation of leased assets is computed by the straight-line method over the respective lease period. Lease income is recognized when incurred.

**(o) Land revaluation**

Taiyo Life revalued its land for operating purposes as of March 31, 2002, as permitted by the Land Revaluation Law, which became effective in 1998. In accordance with provisions under this law and related ordinances, the revaluation is a one-time event and subsequent valuation gains or losses after the initial revaluation are not reflected in the consolidated financial statements but are disclosed if additional valuation losses are subsequently recognized after the initial revaluation. Net revaluation gains or losses are not recorded on statements of operations but are reported as a separate component of net assets, net of income taxes. In case the Company sells a part of such revalued land, related revaluation gains or losses are transferred to retained earnings. Book values of land for operating use before and after revaluation as of March 31, 2002 were ¥143,340 million and ¥110,220 million, respectively.

**(p) Derivative financial instruments**

Changes in the fair values of the derivatives designated and qualifying as hedges are either charged to income, reported as other assets/liabilities in the consolidated balance sheets, or not recognized based on whether such hedges are considered a fair value, cash flow or special hedge. Derivative financial instruments designated in special hedge relationships are not revalued but the contractual rates of the derivative financial instruments are reflected in income or expense measurement of the hedged items. Changes in fair value of derivatives designated as fair value hedges of assets and liabilities are recognized in income as an offset to the fair value adjustments of the related hedged items. The fair value of instruments hedging anticipated transactions and referred to as cash flow hedges are recognized in the consolidated balance sheets and are reclassified into income when the related hedged item impacts income.

The effectiveness of the hedging is measured by reference to the market fluctuations or the cash flow fluctuations as they affect the particular hedged item and hedging instrument.

Taiyo Life uses deferral hedge and fair value hedge. The special treatment for interest rate swaps is applied only where the interest rate swaps satisfy the requirements for hedge accounting. The hedge instruments and hedge items for Taiyo Life are follows:

- a. Hedge instrument: Interest rate swaps  
Hedge item: Loans and bonds
- b. Hedge instrument: Foreign exchange contracts  
Hedge item: Foreign currency-denominated assets
- c. Hedge instrument: Individual stock options  
Hedge item: Domestic equities
- d. Hedge instrument: Margin transactions  
Hedge item: Domestic equities
- e. Hedge instrument: Forward trading  
Hedge item: Domestic equities

Taiyo Life measures hedge effectiveness semi-annually using the method comparing the variability of the cash flow of the hedging instrument to the variability of the cash flow of the hedged item. However, Taiyo Life omits the test of hedge effectiveness of special treatment for interest rate swaps, same currency interest rate swaps, and individual stock options, margin transactions and forward trading with domestic equities as hedged items.

Daido Life uses fair value hedge and deferral hedge. The assignment accounting for foreign exchange contracts with certificates of deposit in foreign currency as the hedge item is applied only where the hedge instrument satisfy the requirements. The hedge instruments and hedge items for Daido Life are follows:

- a. Hedge instrument: Foreign exchange contracts  
Hedge item: Foreign currency-denominated available-for-sale securities and certificates of deposit
- b. Hedge instrument: Interest rate swaps  
Hedge item: Available-for-sale bonds

Daido Life measured the hedge effectiveness and determined that interest rate swaps to which deferral hedge was used had not fulfilled the requirement of application of the hedge accounting, thus, the hedge accounting for the interest rate swaps was no longer applied for the year ended March 31, 2008.

There is no impact from the above change on the consolidated balance sheets.

**(q) Accounting for consumption taxes**

Consumption taxes received or paid by the Company and its domestic consolidated subsidiaries are not included in income and expenses. The net of consumption taxes received and paid are separately recorded on the consolidated balance sheets. Where consumption taxes paid are not fully credited against consumption taxes received, the noncredited portion is charged as an expense in the period in which the consumption taxes are paid. However, certain noncredited portions of consumption taxes paid, such as the purchase of property and equipment, are not charged to expense but are deferred as prepaid expenses and amortized against income over a five-year period on a straight-line basis.

**(r) Amortization of goodwill**

Goodwill is fully amortized when incurred.

**(s) Cash and cash equivalents**

Cash equivalents consist of highly liquid investments without significant market risk, such as demand deposits and short-term investments with an original maturity of three months or less.

**(t) Net assets per share**

Net assets per share is computed based on the number of shares of common stock outstanding at the end of each fiscal year.

**(u) Net income per share**

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each fiscal year.

**(v) Appropriation of retained earnings**

As in the past, the Company continues an annual dividend payment approved by the Ordinary Shareholders' Meeting. According to the Articles of Incorporation, semiannual interim dividend payment may be made by the resolution of the Board of Directors.

**2. U.S. Dollar Amounts**

The translations of yen amounts into U.S. dollar amounts are included solely for the convenience of the reader and have been made, as a matter of arithmetical computation only, at the rate of ¥100.19 = U.S.\$1, which is the approximate rate prevailing at March 31, 2008. The translations should not be construed as representations that such yen amounts have been, could have been or could in the future be converted into U.S. dollars at that or any other rate.

### 3. Loans

Delinquent loans of the Company and its consolidated subsidiaries as of March 31, 2008 and 2007 are summarized as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Loans to bankrupt companies	¥ 472	¥ 559	\$ 4,714
Past due loans	2,333	2,873	23,294
Loans overdue for three months or more	3,854	4,165	38,468
Restructured loans	342	406	3,415
Total	<b>¥ 7,002</b>	<b>¥ 8,004</b>	<b>\$ 69,893</b>

“Loans to bankrupt companies” are loans to borrowers that are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings on which the Company and its consolidated subsidiaries have stopped accruing interest after determining 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.

“Past due loans” are loans, other than those categorized as “Loans to bankrupt companies” and loans for which due dates for interest payments have been rescheduled for purposes of restructuring or supporting of the borrower, on which the Company and its consolidated subsidiaries have stopped accruing interest based on self-assessment.

“Loans overdue for three months or more” are loans other than those categorized as “Loans to bankrupt companies” or “Past due loans” for which principal and/or interest are overdue for three months or more.

“Restructured loans” are loans other than those categorized as “Loans to bankrupt companies,” “Past due loans” or “Loans overdue for three months or more” for which agreements have been made between the relevant parties to provide a concessionary interest rate, rescheduling of due dates for interest and/or principal payments, waiver of claims and/or other terms in favor of the borrower for purposes of restructuring or supporting of the borrower.

With respect to “Loans to bankrupt companies” and “Past due loans” that are covered by collateral and guarantees, the Company and its consolidated subsidiaries write-off the portion of such loans that is not collectable from collateral and guarantees, and charges such amounts to the reserve for possible loan losses. Write-offs relating to bankrupt companies for the years ended March 31, 2008 and 2007 amounted to ¥255 million (\$2,554 thousand) and ¥6 million, respectively. Past due loans decreased due to write-offs ¥275 million (\$2,747 thousand) and ¥240 million for the years ended March 31, 2008 and 2007, respectively.

The Company and its consolidated subsidiaries’ outstanding loan commitments with borrowers as of March 31, 2008 and 2007 are summarized as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Total loan commitments	¥ 7,000	¥ 2,500	\$ 69,867
Less amount drawn down	4,754	336	47,453
Unused loan commitments	<b>¥ 2,245</b>	<b>¥ 2,163</b>	<b>\$ 22,413</b>

Based on the loan commitment agreements, the extension of credit is subject to the Company and its consolidated subsidiaries' review procedures. The review procedures consist ensuring the use of funds and assessing the creditworthiness of the borrower. Since not all of the outstanding commitments will be drawn down, the outstanding commitment amounts do not necessarily represent future cash requirements.

#### 4. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2008 and 2007 were ¥204,777 million (\$2,043,892 thousand) and ¥203,137 million, respectively.

#### 5. Separate Accounts

The consolidated balance sheets include ¥730,066 million (\$7,286,820 thousand) and ¥786,065 million of assets and liabilities in equal amounts related to separate accounts as of March 31, 2008 and 2007, respectively.

Separate account assets and liabilities reported in the accompanying consolidated balance sheets represent funds that are administered and invested by the Three Life Insurance Companies to meet specific investment objectives of the policyholders. All gains and losses relating to separate account assets and liabilities are offset by a corresponding provision for or reversal of policy reserve and do not affect the Three Life Insurance Companies' net income. Separate accounts are established in conformity with the Insurance Business Law. The assets of each account are separately managed to identify investment results of each such account, although they are not legally segregated in terms of their treatment in case of bankruptcy of the insurance company.

Securities invested under the separate accounts are deemed as trading securities and stated at fair value. Cost is determined by the moving-average method.

#### 6. Reserve for Policyholder Dividends

An analysis of the reserve for policyholder dividends included in policy reserves for the years ended March 31, 2008 and 2007 is as follows:

	<b>Years ended March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Balance at beginning of period	¥ 197,357	¥ 196,698	\$ 1,969,829
Policyholder dividends	(56,808)	(56,763)	(567,007)
Increase in interest	916	947	9,145
Increase due to other reasons	24	-	244
Decrease due to other reasons	-	(7)	-
Provision for reserve for policyholder dividends	<b>45,384</b>	56,481	<b>452,983</b>
Balance at end of period	<b>¥ 186,873</b>	¥ 197,357	<b>\$ 1,865,195</b>

## 7. Subordinated Bonds

Taiyo Life issued domestic unsecured subordinated notes with an early redeemable option (the “Notes”). Taiyo Life, by way of the issuance of the Notes, intends to enhance its solvency margin ratio as well as develop its relationship with domestic market investors, with a focus on investors in Japan.

The bankruptcy, commencement of corporate reorganization proceedings and commencement of civil rehabilitation proceedings are subordination events for the Notes. When a subordination event occurs, the principal amount and interest of the Notes will not be paid until the conditions for suspension are completed.

A description of the Notes is shown below:

As of March 31, 2008 and 2007						
Subscription date	Opening balance	Ending balance	Offered rate	Guarantee	Maturity	
<i>(Millions of yen)</i>						
Series 1	November 14, 2003	¥20,000	¥20,000	1.75%	Unsecured	November 19, 2013

The offered rate is 1.75% until November 19, 2008 and 2.4% plus the offered rate per annum for six-month Japanese yen deposits thereafter and redeemable at the option of Taiyo Life on November 19, 2008 and on each interest payment date thereafter.

## 8. Other Liabilities

Other liabilities included ¥35,000 million (\$349,336 thousand) and ¥35,000 million of subordinated borrowings as of March 31, 2008 and 2007, respectively.

## 9. Commitments

The amounts of future contributions to the Policyholder Protection Corporation, which are estimated in accordance with Article 259 of the Insurance Business Law, were ¥30,576 million (\$305,182 thousand) and ¥31,557 million as of March 31, 2008 and 2007, respectively. The contributions are recorded on statements of operation as an operating expense when paid, as the amount of future contributions is not yet fixed.

A total of ¥134,845 million (\$1,345,893 thousand) and ¥145,797 million of the Three Life Insurance Companies' investments in securities was mainly pledged as collateral for the overdraft limit of exclusive account of real-time gross settlement of government bonds with the Bank of Japan, the benefit of the Policyholder Protection Corporation to secure such future contributions and as a substitution of collateral for margin trading and margin for futures contracts as of March 31, 2008 and 2007, respectively.

## 10. Organizational Change Surplus

The organizational change surplus, which is the portion of net assets attributable to contributions by past policyholders as of the date of the demutualization of Taiyo Life and Daido Life and whose distribution is restricted by Article 91 of the Insurance Business Law, amounted to ¥63,158 million (\$630,386 thousand) and ¥10,836 million (\$108,158 thousand) as of March 31, 2008, respectively.

## 11. Investments in Affiliates

Securities included ¥240 million (\$2,397 thousand) and ¥213 million of investments in affiliates as of March 31, 2008 and 2007, respectively.

## 12. Impairment Loss

Impairment loss relating to fixed assets as of March 31, 2008 is as follows:

### (1) Categorization of assets

The Three Life Insurance Insurance Companies categorize real estate owned for insurance marketing purposes as a single asset group. Other assets such as lease property and unused real estate are categorized separately. The other consolidated subsidiaries categorize real estate on a company by company basis.

### (2) Background of impairment loss

Because of decreases in fair market value and rental income, impairment loss was recognized as the difference between the existing book value and recoverable amount. This decrease is reported in extraordinary losses as “Impairment loss.”

### (3) Impairment loss per asset group

Asset	Category	Location, etc.	Impairment loss			Total
			Land	Buildings		
			<i>(Millions of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Lease assets	Land and buildings	4 assets, including Utsunomiya City, Tochigi Prefecture	¥199	¥149	¥349	\$3,485

### (4) Calculation method of recoverable amount

The recoverable amount is based on the use value and the net realizable value. The use value is calculated by discounting future cash flows at 6.70%. In principle, the net realizable value is calculated by subtracting the estimated costs of disposal from appraisal value calculated in accordance with the real estate appraisal standard.

## 13. Consolidated Statements of Changes in Net Assets

### (1) Type and number of shares issued and treasury shares

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end
Shares issued:				
Common stock	246,330,000	-	-	246,330,000
Treasury stock:				
Common stock	78,848	21,607	2,240	98,215

Note 1: Treasury stock increased 21,607 shares by purchasing odd-lot shares.

Note 2: Treasury stock decreased 2,240 shares by accepting requests of adding to holding odd-lot shares.

(2) Information of shareholder dividends

The amount of policyholder dividends is as follows:

Date of resolution	Type of shares	Total amount of shareholder dividends		Shareholder dividends per share		Record Date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
Ordinary shareholders' meeting held on June 27, 2007	Common stocks	¥16,006	\$159,759	¥65	\$0.64	March 31, 2007	June 28, 2007

The amount of policyholder dividends that is affected in the year ending March 31, 2009 while its record date is in the year ended March 31, 2008 is as follows:

Date of resolution	Type of shares	Amount of shareholder dividends		Underlying assets	Shareholder dividends per share		Record date	Effective Date
		(Millions of yen)	(Thousands of U.S. dollars)		(Yen)	(U.S. dollars)		
Ordinary shareholders' meeting held on June 26, 2008	Common stocks	¥16,005	\$159,747	Retained earnings	¥65	\$0.64	March 31, 2008	June 27, 2008

Note: This agenda will be presented in ordinary shareholders' meeting held on June 26, 2008.

#### 14. Consolidated Statements of Cash Flows

The following table provides a reconciliation of cash and cash equivalents in the consolidated statements of cash flows to cash and cash deposits as stated in the consolidated balance sheets as of March 31, 2008 and 2007:

	As of March 31		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash and deposits	¥ 308,428	¥ 419,874	\$ 3,078,440
Less: deposits with an original maturity of more than three months	(1,540)	(90)	(15,370)
Call loans	279,800	340,800	2,792,693
Monetary claims purchased	430,592	450,533	4,297,763
Less: monetary claims purchased other than cash and cash equivalents	(325,474)	(269,413)	(3,248,576)
Securities purchased	9,244,528	9,870,253	92,269,975
Less: securities purchased other than cash and cash equivalents	(8,953,739)	(9,594,912)	(89,367,595)
Cash and cash equivalents	¥ 982,596	¥ 1,217,045	\$ 9,807,331

#### 15. Segment Information

Segment information is not required to be disclosed, as ordinary revenues and total assets related to the Company and its consolidated subsidiaries' insurance business in Japan exceed 90% of the total amounts of both ordinary revenues and total assets.

## 16. Lease Transactions

Information regarding nonownership-transfer finance leases were as follows:

### (1) As lessee

Pro forma information of nonownership-transfer finance leases contracted as a lessee, such as acquisition cost and related accumulated depreciation of leased assets, obligation under finance leases, depreciation expense and interest expense of finance leases, which is required under Japanese accounting standards for leases as of March 31, 2008 and 2007 is summarized as follows:

	As of March 31		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Tangible fixed assets:			
Acquisition cost	¥ 160	¥ 124	\$ 1,606
Accumulated depreciation	(56)	(43)	(565)
Net carrying value	¥ 104	¥ 80	\$ 1,040
Other:			
Acquisition cost	¥ 131	¥ 131	\$ 1,317
Accumulated depreciation	(51)	(25)	(518)
Net carrying value	¥ 80	¥ 106	\$ 798
Total:			
Acquisition cost	¥ 292	¥ 256	\$ 2,923
Accumulated depreciation	(108)	(69)	(1,084)
Net carrying value	¥ 184	¥ 187	\$ 1,839

Obligations under finance leases as of March 31, 2008 and 2007 were as follows:

	As of March 31		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ 66	¥ 50	\$ 668
Due after one year	120	138	1,202
Total	¥ 187	¥ 188	\$ 1,870

Total payments for nonownership-transfer finance leases for the years ended March 31, 2008 and 2007 were ¥65 million (\$648 thousand) and ¥48 million, respectively.

Depreciation and imputed interest cost, which are not reflected in the accompanying consolidated statements of operations, for the years ended March 31, 2008 and 2007 were as follows:

	Years ended March 31		
	2008	2007	2008
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Depreciation	¥ 61	¥ 45	\$ 617
Imputed interest cost	4	3	45

Depreciation is computed by the straight-line method over the respective lease period. The residual value at the end of the lease period is not considered for the calculation of depreciation. Imputed interest cost is computed by the interest method.

Future minimum lease payments on operating leases as of March 31, 2008 and 2007 were as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ 1	¥ 0	\$ 11
Due after one year	1	-	19
Total	<u>¥ 3</u>	<u>¥ 0</u>	<u>\$ 30</u>

(2) As lessor

Information of nonownership-transfer finance leases contracted as a lessor, required under Japanese accounting standards, as of March 31, 2008 and 2007 is summarized as follows.

Leased assets included in the accompanying consolidated balance sheets accounted for under operating lease accounting are summarized as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Other:			
Acquisition cost	¥ 55,963	¥ 52,920	\$ 558,578
Accumulated depreciation	(30,607)	(30,223)	(305,498)
Net carrying value	<u>¥ 25,356</u>	<u>¥ 22,697</u>	<u>\$ 253,080</u>

The amounts equivalent to the minimum lease payments to be received as of March 31, 2008 and 2007 were as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Due within one year	¥ 8,497	¥ 7,618	\$ 84,814
Due after one year	24,037	21,887	239,914
Total	<u>¥ 32,534</u>	<u>¥ 29,505</u>	<u>\$ 324,728</u>

Gross lease income, recovery to the principal amount and net lease income if the Company applied finance lease accounting to nonownership-transfer finance leases for the years ended March 31, 2008 and 2007 would have been as follows:

	<b>Years ended March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Gross lease income	¥ 8,677	¥ 8,612	\$ 86,607
Recovery of principal amount	7,348	7,585	73,349
Net lease income	<u>1,487</u>	<u>1,447</u>	<u>14,842</u>

Imputed interest cost is computed by the interest method.

## 17. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to corporate (national) and inhabitants (local) taxes based on income. The footnote disclosure of reconciliation between the enacted tax rate and the corporate tax rate is as follows:

	Years ended March 31	
	2008	2007
	(%)	
Statutory tax rate	<b>36.1%</b>	36.1%
Valuation allowance	<b>14.9</b>	4.1
Permanent difference items including entertainment expense, etc.	<b>1.0</b>	1.3
Other, net	<b>1.4</b>	1.8
Effective tax rate	<b>53.4%</b>	43.3%

Significant components of deferred tax assets and liabilities of the Company and consolidated subsidiaries as of March 31, 2008 and 2007 are summarized below:

	As of March 31		
	2008	2007	2007
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Policy reserves	¥ <b>102,394</b>	¥ 90,863	\$ <b>1,022,006</b>
Reserve for price fluctuations	<b>49,561</b>	37,746	<b>494,678</b>
Unrealized gains on available-for-sale securities	<b>42,443</b>	9,959	<b>423,632</b>
Reserve for employees' retirement benefits	<b>42,219</b>	41,556	<b>421,397</b>
Devaluation losses on securities	<b>18,687</b>	10,021	<b>186,517</b>
Deferred losses on disposal and devaluation of fixed assets	<b>4,536</b>	4,322	<b>45,279</b>
Tax loss carryforward	<b>4,515</b>	4,257	<b>45,070</b>
Reserve for bonus payments	<b>3,352</b>	3,321	<b>33,459</b>
Reserve for possible loan losses	<b>1,427</b>	1,405	<b>14,250</b>
Other	<b>10,051</b>	8,770	<b>100,325</b>
Subtotal	<b>279,191</b>	212,222	<b>2,786,616</b>
Valuation allowance	<b>(27,715)</b>	(15,956)	<b>(276,631)</b>
Total deferred tax assets	<b>251,475</b>	196,266	<b>2,509,984</b>
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	<b>(181,633)</b>	(393,539)	<b>(1,812,885)</b>
Accrued dividend income	<b>(2,003)</b>	(1,757)	<b>(19,993)</b>
Deferred gain on reduction of book value of real estate	<b>(900)</b>	(908)	<b>(8,986)</b>
Other	<b>(530)</b>	(469)	<b>(5,292)</b>
Total deferred tax liabilities	<b>(185,066)</b>	(396,674)	<b>(1,847,158)</b>
Net deferred tax asset	<b>¥ 66,408</b>	¥ (200,408)	<b>\$ 662,826</b>
Amounts recognized in consolidated balance sheet:			
Assets	¥ <b>66,441</b>	¥ 770	\$ <b>663,150</b>
Liabilities	<b>10</b>	201,178	<b>105</b>
	<b>¥ 66,430</b>	¥ (200,408)	<b>\$ 663,044</b>

## 18. Investments in Securities

(1) As of March 31, 2008

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

<u>Carrying amount</u>	<u>Valuation difference charged to earnings-losses</u>	<u>Carrying amount</u>	<u>Valuation difference charged to earnings-losses</u>
<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
¥ 865,517	¥ (152,351)	\$ 8,638,764	\$ (1,520,621)

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
	<i>(Millions of yen)</i>		
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	¥ 259,211	¥ 263,286	¥ 4,075
Municipal bonds	23,068	23,877	809
Corporate bonds	77,317	78,939	1,621
Total domestic bonds	<u>359,597</u>	<u>366,103</u>	<u>6,505</u>
Foreign bonds	-	-	-
Other securities	116,181	119,246	3,065
Total	<u>475,779</u>	<u>485,350</u>	<u>9,571</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	95,463	93,933	(1,530)
Municipal bonds	1,183	1,136	(47)
Corporate bonds	55,648	55,227	(420)
Total domestic bonds	<u>152,295</u>	<u>150,297</u>	<u>(1,998)</u>
Foreign bonds	-	-	-
Other securities	25,233	25,187	(45)
Total	<u>177,529</u>	<u>175,485</u>	<u>(2,044)</u>
Grand total	<u>¥ 653,309</u>	<u>¥ 660,835</u>	<u>¥ 7,526</u>

	Carrying amount	Fair value	Gross unrealized gains (losses)
<i>(Thousands of U.S. dollars)</i>			
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	\$ 2,587,197	\$ 2,627,873	\$ 40,676
Municipal bonds	230,250	238,327	8,076
Corporate bonds	771,712	787,896	16,183
Total domestic bonds	<u>3,589,160</u>	<u>3,654,096</u>	<u>64,936</u>
Foreign bonds	-	-	-
Other securities	1,159,613	1,190,207	30,593
Total	<u>4,748,773</u>	<u>4,844,304</u>	<u>95,530</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	952,824	937,549	(15,274)
Municipal bonds	11,816	11,342	(474)
Corporate bonds	555,430	551,229	(4,201)
Total domestic bonds	<u>1,520,070</u>	<u>1,500,120</u>	<u>(19,950)</u>
Foreign bonds	-	-	-
Other securities	251,860	251,401	(458)
Total	<u>1,771,931</u>	<u>1,751,522</u>	<u>(20,408)</u>
Grand total	<u>\$ 6,520,705</u>	<u>\$ 6,595,826</u>	<u>\$ 75,121</u>

Note: Other securities include certificates of deposits amounting to ¥2,000 million (\$19,962 thousand) that are shown as cash and deposits, commercial paper amounting to ¥25,969 million (\$259,205 thousand) and beneficiary trust certificates amounting to ¥113,445 million (\$1,132,306 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	Carrying amount	Fair value	Gross unrealized gains (losses)
<i>(Millions of yen)</i>			
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	¥ 775,279	¥ 800,112	¥ 24,832
Municipal bonds	267,403	275,599	8,195
Corporate bonds	532,070	548,480	16,410
Total	<u>1,574,753</u>	<u>1,624,192</u>	<u>49,438</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	-	-	-
Municipal bonds	2,397	2,340	(56)
Corporate bonds	27,602	27,492	(110)
Total	<u>29,999</u>	<u>29,833</u>	<u>(166)</u>
Grand total	<u>¥ 1,604,753</u>	<u>¥ 1,654,025</u>	<u>¥ 49,272</u>

	Carrying amount	Fair value	Gross unrealized gains (losses)
<i>(Thousands of U.S. dollars)</i>			
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	\$ 7,738,094	\$ 7,985,952	\$ 247,857
Municipal bonds	2,668,961	2,750,765	81,804
Corporate bonds	5,310,616	5,474,406	163,789
Total	<u>15,717,672</u>	<u>16,211,124</u>	<u>493,451</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	-	-	-
Municipal bonds	23,928	23,363	(565)
Corporate bonds	275,502	274,401	(1,101)
Total	<u>299,431</u>	<u>297,764</u>	<u>(1,666)</u>
Grand total	<u><u>\$ 16,017,103</u></u>	<u><u>\$ 16,508,889</u></u>	<u><u>\$ 491,785</u></u>

Available-for-sale securities with readily obtainable fair value as of March 31, 2008 are summarized as follows:

	Acquisition cost	Carrying amount	Difference
<i>(Millions of yen)</i>			
<b>Items with carrying amount exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	¥ 541,999	¥ 554,477	¥ 12,477
Municipal bonds	894,965	908,591	13,625
Corporate bonds	1,068,116	1,088,830	20,714
Total domestic bonds	<u>2,505,081</u>	<u>2,551,899</u>	<u>46,817</u>
Domestic equities	406,037	753,118	347,080
Foreign securities:			
Foreign bonds	390,914	407,339	16,425
Foreign equities	34,328	50,580	16,252
Foreign other securities	113,180	117,786	4,605
Total foreign securities	<u>538,423</u>	<u>575,706</u>	<u>37,283</u>
Other securities	511,327	563,134	51,806
Total	<u>3,960,870</u>	<u>4,443,858</u>	<u>482,988</u>
<b>Items with carrying amount not exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	323,484	321,819	(1,664)
Municipal bonds	10,986	10,885	(101)
Corporate bonds	277,151	273,847	(3,303)
Total domestic bonds	<u>611,621</u>	<u>606,552</u>	<u>(5,068)</u>
Domestic equities	206,223	184,487	(21,736)
Foreign securities:			
Foreign bonds	368,646	358,368	(10,278)
Foreign equities	41,001	36,049	(4,952)
Foreign other securities	230,926	205,763	(25,162)
Total foreign securities	<u>640,574</u>	<u>600,181</u>	<u>(40,392)</u>
Other securities	597,984	557,192	(40,792)
Total	<u>2,056,404</u>	<u>1,948,414</u>	<u>(107,990)</u>
Grand total	<u><u>¥ 6,017,274</u></u>	<u><u>¥ 6,392,273</u></u>	<u><u>¥ 374,998</u></u>

	Acquisition cost	Carrying amount	Difference
<i>(Thousands of U.S. dollars)</i>			
<b>Items with carrying amount exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	\$ 5,409,714	\$ 5,534,257	\$ 124,543
Municipal bonds	8,932,686	9,068,684	135,997
Corporate bonds	10,660,909	10,867,660	206,751
Total domestic bonds	<u>25,003,311</u>	<u>25,470,602</u>	<u>467,291</u>
Domestic equities	4,052,679	7,516,900	3,464,221
Foreign securities:			
Foreign bonds	3,901,727	4,065,670	163,943
Foreign equities	342,632	504,847	162,214
Foreign other securities	1,129,661	1,175,630	45,969
Total foreign securities	<u>5,374,021</u>	<u>5,746,149</u>	<u>372,127</u>
Other securities	5,103,576	5,620,662	517,085
Total	<u>39,533,588</u>	<u>44,354,315</u>	<u>4,820,727</u>
<b>Items with carrying amount not exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	3,228,707	3,212,096	(16,610)
Municipal bonds	109,656	108,646	(1,010)
Corporate bonds	2,766,257	2,733,284	(32,973)
Total domestic bonds	<u>6,104,620</u>	<u>6,054,026</u>	<u>(50,593)</u>
Domestic equities	2,058,325	1,841,374	(216,951)
Foreign securities:			
Foreign bonds	3,679,476	3,576,887	(102,588)
Foreign equities	409,233	359,807	(49,426)
Foreign other securities	2,304,884	2,053,737	(251,147)
Total foreign securities	<u>6,393,594</u>	<u>5,990,432</u>	<u>(403,161)</u>
Other securities	5,968,508	5,561,359	(407,148)
Total	<u>20,525,049</u>	<u>19,447,193</u>	<u>(1,077,855)</u>
Grand total	<u>\$ 60,058,637</u>	<u>\$ 63,801,509</u>	<u>\$ 3,742,871</u>

Note 1: Other securities include certificates of deposits amounting to ¥62,000 million (\$618,824 thousand) that are shown as cash and deposits, commercial paper amounting to ¥100,127 million (\$999,376 thousand) and beneficiary trust certificates amounting to ¥187,600 million (\$1,872,448 thousand) that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2008 totaled ¥25,453 million (\$254,048 thousand) and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

Gross gains of ¥100,439 million (\$1,002,493 thousand) and gross losses of ¥56,587 million (\$564,803 thousand) were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥1,471,773 million (\$14,689,828 thousand) for the year ended March 31, 2008.

Gross gains of ¥2,035 million (\$20,321 thousand) and gross losses of ¥5,636 million (\$56,256 thousand) were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2008. Total proceeds on such sales amounted to ¥471,443 (\$4,705,496 thousand) for the year ended March 31, 2008.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2008.

Securities without readily obtainable fair value held by the Company as of March 31, 2008 are summarized as follows:

	<b>Carrying amount</b>	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Available-for-sale securities:		
Unlisted stocks	¥ 34,157	\$ 340,929
Foreign securities/unlisted stocks	3,876	38,688
Foreign securities/other securities	147,128	1,468,492
Other securities	34,656	345,906
Total	<u>¥ 219,818</u>	<u>\$ 2,194,016</u>

The Company has not reclassified certain securities for the year ended March 31, 2008.

The carrying value of bonds classified as available-for-sale and held-to-maturity securities at March 31, 2008, by contractual maturity date, is as follows:

	<u>Due in one year or less</u>	<u>Dues after one year through five years</u>	<u>Due after five years through 10 years</u>	<u>Due after 10 years</u>
	<i>(Millions of yen)</i>			
Government bonds	¥ 660,697	¥ 373,236	¥ 300,122	¥ 672,640
Municipal bonds	198,476	535,667	387,139	92,246
Corporate bonds	191,496	773,970	499,885	573,169
Domestic equities	-	-	2,000	-
Foreign bonds	72,710	320,324	233,728	133,162
Foreign equities	-	3,009	2,908	-
Other foreign securities	2,536	57,756	125,738	61,206
Other securities	190,345	28,677	27,757	286,414
Total	<u>¥ 1,316,263</u>	<u>¥ 2,092,641</u>	<u>¥ 1,578,633</u>	<u>¥ 1,818,839</u>

	<u>Due in one year or less</u>	<u>Dues after one year through five years</u>	<u>Due after five years through 10 years</u>	<u>Due after 10 years</u>
	<i>(Thousands of U.S. dollars)</i>			
Government bonds	\$ 6,594,446	\$ 3,725,288	\$ 2,995,528	\$ 6,713,647
Municipal bonds	1,980,999	5,346,513	3,864,056	920,717
Corporate bonds	1,911,333	7,725,026	4,989,373	5,720,821
Domestic equities	-	-	19,962	-
Foreign bonds	725,728	3,197,166	2,326,394	1,329,103
Foreign equities	-	30,034	29,033	-
Other foreign securities	25,320	576,473	1,255,001	610,899
Other securities	1,899,849	286,229	277,044	2,858,710
Total	<u>\$ 13,137,678</u>	<u>\$ 20,886,731</u>	<u>\$ 15,756,394</u>	<u>\$ 18,153,900</u>

(2) As of March 31, 2007

Securities classified as trading securities by the Company and its consolidated subsidiaries as of March 31, 2007 are summarized as follows:

<u>Carrying amount</u>	<u>Valuation difference charged to earnings-losses</u>
<i>(Millions of yen)</i>	
¥ 944,537	¥ (113)

Investments in held-to-maturity securities with readily obtainable fair value as of March 31, 2007 are summarized as follows:

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
	<i>(Millions of yen)</i>		
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	¥ 151,675	¥ 152,589	¥ 913
Municipal bonds	21,755	22,243	488
Corporate bonds	44,422	45,458	1,036
Total domestic bonds	<u>217,853</u>	<u>220,291</u>	<u>2,438</u>
Foreign bonds	-	-	-
Other securities	50,281	50,764	483
Total	<u>268,134</u>	<u>271,056</u>	<u>2,922</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	227,189	224,129	(3,059)
Municipal bonds	3,501	3,428	(72)
Corporate bonds	88,233	86,724	(1,509)
Total domestic bonds	<u>318,924</u>	<u>314,283</u>	<u>(4,641)</u>
Foreign bonds	15,000	14,992	(7)
Other securities	87,639	86,494	(1,144)
Total	<u>421,563</u>	<u>415,770</u>	<u>(5,793)</u>
Grand total	<u>¥ 689,698</u>	<u>¥ 686,826</u>	<u>¥ (2,871)</u>

Note: Other securities include certificates of deposits amounting to ¥5,000 million that are shown as cash and deposits, commercial paper amounting to ¥28,982 million and beneficiary trust certificates amounting to ¥103,938 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2007.

Policy reserve-matching bonds with readily obtainable fair value as of March 31, 2007 are summarized as follows:

	<b>Carrying amount</b>	<b>Fair value</b> <i>(Millions of yen)</i>	<b>Gross unrealized gains (losses)</b>
<b>Items with fair value exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	¥ 431,298	¥ 435,755	¥ 4,456
Municipal bonds	129,224	131,302	2,078
Corporate bonds	307,269	311,125	3,856
Total	<u>867,791</u>	<u>878,183</u>	<u>10,391</u>
<b>Items with fair value not exceeding carrying amount:</b>			
Domestic bonds:			
Government bonds	145,959	145,227	(731)
Municipal bonds	189,091	188,011	(1,080)
Corporate bonds	452,143	449,491	(2,651)
Total	<u>787,194</u>	<u>782,731</u>	<u>(4,463)</u>
Grand total	<u>¥ 1,654,986</u>	<u>¥ 1,660,914</u>	<u>¥ 5,927</u>

Available-for-sale securities with readily obtainable fair value as of March 31, 2007 are summarized as follows:

	<b>Acquisition cost</b>	<b>Carrying amount</b>	<b>Difference</b>
		<i>(Millions of yen)</i>	
<b>Items with carrying amount exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	¥ 345,167	¥ 355,370	¥ 10,203
Municipal bonds	788,870	797,803	8,933
Corporate bonds	878,985	892,063	13,078
Total domestic bonds	<u>2,013,022</u>	<u>2,045,237</u>	<u>32,215</u>
Domestic equities	584,085	1,268,363	684,277
Foreign securities:			
Foreign bonds	638,973	663,813	24,839
Foreign equities	90,378	120,385	30,006
Foreign other securities	85,066	97,284	12,218
Total foreign securities	<u>814,418</u>	<u>881,483</u>	<u>67,064</u>
Other securities	699,906	956,321	256,415
Total	<u>4,111,433</u>	<u>5,151,406</u>	<u>1,039,972</u>
<b>Items with carrying amount not exceeding acquisition cost:</b>			
Domestic bonds:			
Government bonds	242,396	240,730	(1,666)
Municipal bonds	253,935	251,378	(2,557)
Corporate bonds	459,961	454,081	(5,880)
Total domestic bonds	<u>956,294</u>	<u>946,190</u>	<u>(10,104)</u>
Domestic equities	68,150	58,196	(9,954)
Foreign securities:			
Foreign bonds	191,469	189,629	(1,839)
Foreign equities	10,495	9,906	(588)
Foreign other securities	10,127	9,226	(900)
Total foreign securities	<u>212,091</u>	<u>208,762</u>	<u>(3,329)</u>
Other securities	471,933	467,936	(3,996)
Total	<u>1,708,470</u>	<u>1,681,085</u>	<u>(27,384)</u>
Grand total	<u>¥ 5,819,903</u>	<u>¥ 6,832,491</u>	<u>¥ 1,012,588</u>

Note 1: Other securities include certificates of deposits amounting to ¥116,500 million that are shown as cash and deposits, commercial paper amounting to ¥166,128 million and beneficiary trust certificates amounting to ¥149,757 million that are shown as monetary claims purchased on the consolidated balance sheet as of March 31, 2007.

Note 2: Impairment losses with respect to the available-for-sale securities with readily obtainable fair value as of March 31, 2007 totaled ¥339 million and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2007 decreased from the acquisition cost by 30% or more.

Gross gains of ¥93,883 million and gross losses of ¥41,588 million were recorded on the sales of securities classified as available-for-sale for the year ended March 31, 2007. Total proceeds on such sales amounted to ¥1,437,906 million for the year ended March 31, 2007.

Gross gains of ¥364 million and gross losses of ¥10,789 million were recorded on the sales of securities classified as policy reserve-matching bonds for the year ended March 31, 2007. Total proceeds on such sales amounted to ¥586,074 million for the year ended March 31, 2007.

There are no sales of securities classified as held-to-maturity bonds for the year ended March 31, 2007.

Securities without readily obtainable fair value held by the Company as of March 31, 2007 are summarized as follows:

	<u>Carrying amount</u> <i>(Millions of yen)</i>
Available-for-sale securities:	
Unlisted stocks	¥ 32,199
Foreign securities/unlisted stocks	0
Foreign securities/other securities	257,849
Other securities	28,797
Total	<u>¥ 318,846</u>

The Company reclassified certain bonds originally classified as held-to-maturity securities, with a net book value of ¥1,240,403 million, into available-for-sale securities. To secure mobility to the shift of securities corresponding to long-term insurance liabilities, the held-to-maturity securities in general assets were reclassified. As a result of the reclassification, the balance of available-for-sale securities increased ¥8,270 million, the balance of monetary claims purchased decreased ¥676 million and net unrealized gains on available-for-sale securities increased ¥4,852 million.

The carrying value of bonds classified as available-for-sale and held-to-maturity securities at March 31, 2007, by contractual maturity date, is as follows:

	<u>Due in one year or less</u>	<u>Dues after one year through five years</u>	<u>Due after five years through 10 years</u>	<u>Due after 10 years</u>
	<i>(Millions of yen)</i>			
Government bonds	¥ 399,135	¥ 413,450	¥ 306,810	¥ 432,745
Municipal bonds	164,910	683,658	461,645	82,541
Corporate bonds	200,244	972,411	564,816	489,387
Domestic equities	-	-	2,000	-
Foreign bonds	96,007	385,112	220,798	165,531
Foreign equities	-	3,719	2,098	-
Other foreign securities	314	27,397	79,054	40,884
Other securities	316,843	34,052	25,167	242,972
Total	<u>¥ 1,177,455</u>	<u>¥ 2,519,802</u>	<u>¥ 1,662,391</u>	<u>¥ 1,454,061</u>

## 19. Investment in Monetary Trusts

### (1) As of March 31, 2008

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2008 are summarized as follows:

<u>Carrying amount</u>	<u>Valuation difference charged to earnings-gains</u>	<u>Carrying amount</u>	<u>Valuation difference charged to earnings-gains</u>
<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>	
<u>¥ 30,165</u>	<u>¥ 16,162</u>	<u>\$ 301,085</u>	<u>\$ 161,317</u>

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2008.

Monetary trusts other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2008 are summarized as follows:

	<u>Acquisition cost</u>	<u>Carrying amount</u>	<u>Gross unrealized gains</u>
	<i>(Millions of yen)</i>		
Monetary trusts	<u>¥ 23,976</u>	<u>¥ 24,303</u>	<u>¥ 327</u>
	<i>(Thousands of U.S. dollars)</i>		
Monetary trusts	<u>\$ 239,310</u>	<u>\$ 242,576</u>	<u>\$ 3,265</u>

Note 1: In addition to the monetary trusts above, joint monetary trusts amounting to ¥80,300 million (\$801,477 thousand) are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2008.

Note 2: Impairment losses with respect to monetary trusts other than investment, held-to-maturity and policy reserve-matching as of March 31, 2008 amounted to ¥1,182 million (\$11,799 thousand) and were charged to income. Impairment loss was recognized when the fair market value of securities as of March 31, 2008 decreased from the acquisition cost by 30% or more.

(2) As of March 31, 2007

Monetary trusts classified as trading purpose trusts by the Company and its consolidated subsidiaries as of March 31, 2007 are summarized as follows:

<u>Carrying amount</u>	<u>Valuation difference charged to earnings-losses</u>
<i>(Millions of yen)</i>	
¥ 12,340	¥ (2,979)

There are no monetary trusts for held-to-maturity or policy reserve-matching purposes as of March 31, 2007.

Monetary trusts other than investment, held-to-maturity and policy reserve-matching purpose as of March 31, 2007 are summarized as follows:

	<u>Acquisition cost</u>	<u>Carrying amount</u>	<u>Gross unrealized gains</u>
	<i>(Millions of yen)</i>		
Monetary trusts	¥ 46,773	¥ 76,546	¥ 29,772

Note: In addition to the monetary trusts above, joint monetary trusts amounting to ¥24,300 million are stated at the acquisition cost on the consolidated balance sheet as of March 31, 2007.

## 20. Derivative Financial Instruments

The Three Life Insurance Companies use swaps, forwards, futures and option contracts to hedge exposure to changes in interest rates, foreign exchange rates and stock and bond prices for assets in the consolidated balance sheets or for future investments, and to manage the differences in the duration of its assets and liabilities. In addition, the companies trade credit derivatives within certain internal guidelines, such as total notional amount and credit rating of entities to be referred under the credit derivatives.

The Three Life Insurance Companies have established internal rules regarding derivative financial instruments including policies and procedures for risk assessment, approval, reporting and monitoring. Based on such rules, the use of new types of derivative financial instruments must be approved by the Board of Directors. Such rules enable the companies to maintain an adequate control environment for derivative financial instruments. All dealing functions, such as the front, back and middle offices, are completely separated into different departments. The middle office, the Total Risk Monitoring Department, periodically monitors, measures and analyzes risks related to derivative financial instruments, and periodically reports total risk, position and gains and losses to the Board of Directors.

Because the Three Life Insurance Companies use derivative financial instruments mainly to hedge or manage market risk exposures resulting from assets on the consolidated balance sheets, the risk of derivative financial instruments is limited through offsetting the risk arising from those assets. Instruments are traded either over an exchange or with counterparties of high credit quality and the risk of nonperformance by the counterparties is therefore considered to be remote.

The Three Life Insurance Companies use derivative financial instruments for the purpose of complementing risk hedges, which are linked with cash product assets. Accordingly, the Three Life Insurance Companies do not make a deal for speculative trades.

Taiyo Life focuses on the stable investment management of assets and leverages risks linking hedge purposes with holding cash product assets. Daito Life focuses on efficient investment management of assets and complementing trades of cash product assets. Daido Life uses derivative financial instruments where trades are limited for the above policy.

To minimize the risks of minimum death guaranty and guaranteed minimum living benefit for individual variable annuities, T&D Financial Life uses derivative trades in monetary trusts for hedge purposes against increasing risks, owing to falling prices related to the subjected cash product assets in separate accounts.

The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2008 and 2007. Notional amounts do not represent exposure to credit loss.

	<b>As of March 31, 2008</b>			
	<b>Notional amounts</b>		<b>Current market or fair value</b>	<b>Valuation gains (losses)</b>
	<b>Over one year</b>	<b>One year or less</b>		
	<i>(Millions of yen)</i>			
Interest rate swap (fixed interest receipt)	¥ 121,783	¥ 23,043	¥ 1,298	¥ 1,298
Interest rate swap (fixed interest pay)	138,382	-	120	120
Foreign exchange contracts sold	-	756,737	732,263	24,474
Foreign exchange contracts bought	-	201	202	0
Bond futures contracts sold	-	-	-	-
Stock index futures contracts sold	-	-	-	-
Stock forward contracts sold	-	22,135	21,020	1,115
Total valuation gains, net				<u>¥ 27,009</u>

	<b>As of March 31, 2007</b>			
	<b>Notional amounts</b>		<b>Current market or fair value</b>	<b>Valuation gains (losses)</b>
	<b>Over one year</b>	<b>One year or less</b>		
	<i>(Millions of yen)</i>			
Interest rate swap (fixed interest receipt)	¥ 116,235	¥ 29,789	¥ (733)	¥ (733)
Interest rate swap (fixed interest pay)	138,382	1,400	1,209	1,209
Foreign exchange contracts sold	-	789,672	788,415	1,256
Foreign exchange contracts bought	-	995	1,005	10
Bond futures contracts sold	-	22,559	22,537	21
Stock index futures contracts sold	-	16,563	16,753	(189)
Stock forward contracts sold	-	-	-	-
Total valuation gains, net				<u>¥ 1,576</u>

	<b>As of March 31, 2008</b>			
	<b>Notional amounts</b>		<b>Current market or fair value</b>	<b>Valuation gains (losses)</b>
	<b>Over one year</b>	<b>One year or less</b>		
	<i>(Thousands of U.S. dollars)</i>			

Interest rate swap (fixed interest receipt)	\$ 1,215,528	\$ 229,997	\$ 12,957	\$ 12,957
Interest rate swap (fixed interest pay)	1,381,195	-	1,202	1,202
Foreign exchange contracts sold	-	7,553,028	7,308,744	244,284
Foreign exchange contracts bought	-	2,013	2,022	9
Bond futures contracts sold	-	-	-	-
Stock index futures contracts sold	-	-	-	-
Stock forward contracts sold	-	220,940	209,809	11,130
Total valuation gains, net				<u>\$ 269,583</u>

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

T&D Financial Life uses monetary trusts to execute derivatives trades. The following tables show a summary of the notional amounts and current market or fair values of derivative financial instruments held as of March 31, 2008 and 2007.

	As of March 31, 2008			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Currency options bought (put)	¥ 30,495	¥ 3,726		
Option premium	4,287	221	¥ 3,534	¥ (974)
Currency options bought (put) in USD	18,369	2,316		
Option premium	2,818	153	2,643	(328)
Currency options bought (put) in EUR	12,126	1,409		
Option premium	1,469	67	891	(645)
Stock index options bought (put)	102,932	7,112		
Option premium	15,103	473	25,377	9,800
Total valuation gains, net				<u>¥ 8,826</u>

	As of March 31, 2007			
	Notional amounts		Current market or fair value	Valuation gains (losses)
	Over one year	One year or less		
	<i>(Millions of yen)</i>			
Currency options bought (put)	¥ 32,286	¥ 3,406		
Option premium	4,338	134	¥ 2,170	¥ (2,301)
Currency options bought (put) in USD	19,976	2,126		
Option premium	2,930	93	1,646	(1,377)
Currency options bought (put) in EUR	12,309	1,279		
Option premium	1,407	41	524	(923)
Stock index options bought (put)	97,500	6,908		
Option premium	12,518	292	7,777	(5,034)
Total valuation losses, net				<u>¥ (7,335)</u>

	<b>As of March 31, 2008</b>			
	<b>Notional amounts</b>		<b>Current market or fair value</b>	<b>Valuation gains (losses)</b>
	<b>Over one year</b>	<b>One year or less</b>		
	<i>(Thousands of U.S. dollars)</i>			
Currency options bought (put)	\$ 304,381	\$ 37,192		
Option premium	42,794	2,206	\$ 35,276	\$ (9,724)
Currency options bought (put) in USD	183,349	23,124		
Option premium	28,128	1,534	26,380	(3,282)
Currency options bought (put) in EUR	121,031	14,067		
Option premium	14,666	671	8,896	(6,441)
Stock index options bought (put)	1,027,370	70,986		
Option premium	150,744	4,725	253,292	97,822
Total valuation gains, net				<u>\$ 88,097</u>

Note 1: The transactions that apply deferral hedge and fair value hedge accounting, including special treatment for interest rate swaps, are included above.

Note 2: Foreign currency monetary assets or liabilities that are fixed at the yen amount at settlement time by employing foreign exchange forward contracts and are stated in yen in the accompanying consolidated balance sheets are excluded above.

## 21. Reserve for Employees' Retirement Benefits

The components of net periodic pension cost are summarized below:

	<b>Years ended March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Service cost	¥ 6,003	¥ 5,692	\$ 59,919
Interest cost	2,645	2,486	26,403
Expected return on assets	(428)	(384)	(4,274)
Amortization of unrecognized net actuarial loss	2,192	7,820	21,882
Amortization of unrecognized net obligation at translation	60	314	606
Net periodic pension cost	<u>10,473</u>	<u>15,927</u>	<u>104,537</u>
Other	127	124	1,270
Total pension cost	<u>¥ 10,600</u>	<u>¥ 16,052</u>	<u>\$ 105,808</u>

Assumptions used in accounting for the plans were as follows:

	<b>Years ended March 31</b>	
	<b>2008</b>	<b>2007</b>
Discount rate	1.9% – 2.3%	1.9% – 2.3%
Expected long-term rate of return on assets	1.25% – 2.49%	1.25% – 2.49%

The plans' funded status as of March 31, 2008 and 2007 is summarized below:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Projected benefit obligation	¥ 137,680	¥ 135,898	\$ 1,374,195
Plan assets	(20,831)	(20,912)	(207,920)
Reserve for employees' retirement benefits	<b>¥ 116,849</b>	<b>¥ 114,986</b>	<b>\$ 1,166,275</b>

## 22. Per Share Information

Net assets per share computed based on the number of shares of common stock outstanding as of March 31, 2008 and 2007 were ¥2,743.16 (\$27.37) and ¥4,419.55, respectively. Net income per share computed based on the weighted-average number of shares of common stock outstanding during the year ended March 31, 2008 and 2007 were ¥149.24 (\$1.48) and ¥157.45, respectively.

A summary of the net assets per share computations is as follows:

	<b>As of March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net assets	¥ 677,273	¥1,090,229	\$ 6,759,894
Minority interests	(1,820)	(1,909)	(18,166)
Net assets available to common stockholders	<b>¥ 675,453</b>	<b>¥1,088,319</b>	<b>\$ 6,741,728</b>
	<i>(Shares)</i>		
The number of shares of common stock outstanding	<b>246,231,785</b>	246,251,152	

A summary of the net income per share computations is as follows:

	<b>Years ended March 31</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net income	¥ 36,749	¥ 38,772	\$ 366,802
Bonuses to directors and corporate auditors	(-)	(-)	(-)
Net income available to common stockholders	<b>¥ 36,749</b>	<b>¥ 38,772</b>	<b>\$ 366,802</b>
	<i>(Shares)</i>		
Weighted-average common shares outstanding	<b>246,239,986</b>	246,261,507	

## 23. Subsequent Events

There were no applicable subsequent events in 2008 and 2007.

## ***V. Unaudited Non-Consolidated Financial Statements***

T&D Holdings, Inc.

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Unaudited Non-Consolidated Balance Sheets

Unaudited Non-Consolidated Statements of Operations

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## Unaudited Non-Consolidated Balance Sheets

As of March 31,	2008		2007		Increase (decrease)	2008
	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Assets:</b>						
Current assets:						
Cash and deposits	¥ 523		¥ 17,477		¥ (16,953)	\$ 5,228
Securities	17,000		-		17,000	169,677
Prepaid expenses	20		18		1	200
Deferred tax assets	105		78		26	1,051
Accounts receivable	30,449		29,381		1,067	303,918
Other current assets	0		7		(6)	2
Total current assets	48,099	7.6	46,963	7.4	1,135	480,079
Fixed assets:						
Tangible fixed assets:						
Buildings	114		126		(12)	1,139
Machinery and equipment	6		8		(1)	68
Total tangible fixed assets	120	0.0	135	0.0	(14)	1,207
Intangible fixed assets:						
Trademark	2		2		(0)	24
Software	8		9		(0)	88
Other intangible fixed assets	0		-		0	0
Total intangible fixed assets	11	0.0	12	0.0	(1)	112
Investments and other assets:						
Investments in subsidiaries	583,215		583,171		44	5,821,097
Deferred tax assets	116		79		36	1,165
Deposit for rent	1,653		1,653		(0)	16,501
Total investments and other assets	584,985	92.4	584,904	92.6	81	5,838,764
Total fixed assets	585,118	92.4	585,052	92.6	65	5,840,084
<b>Total assets</b>	¥ 633,217	100.0	¥ 632,016	100.0	¥ 1,201	\$6,320,164

## Unaudited Non-Consolidated Balance Sheets (continued)

As of March 31,	2008		2007		Increase (decrease)	2008
	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	¥ 4,038		¥ 7,326		¥ (3,288)	\$ 40,309
Accrued expenses	166		127		38	1,660
Income tax payable	24,770		20,475		4,294	247,239
Consumption tax payable	31		8		22	311
Deposits received	4		5		(0)	48
Reserve for bonus to directors and corporate auditors	43		43		(0)	429
Total current liabilities	<u>29,055</u>	4.6	<u>27,987</u>	4.4	<u>1,067</u>	<u>290,001</u>
Fixed liabilities:						
Long-term debt	10,700		10,700		-	106,797
Reserve for directors' and corporate auditors' retirement benefits	367		252		114	3,666
Deposits received	1,545		1,545		-	15,422
Total fixed liabilities	<u>12,612</u>	2.0	<u>12,498</u>	2.0	<u>114</u>	<u>125,885</u>
<b>Total liabilities</b>	<u>41,667</u>	6.6	<u>40,485</u>	6.4	<u>1,181</u>	<u>415,886</u>
<b>Net assets:</b>						
Stockholders' equity:						
Common stock:						
Authorized – 966,000,000 shares						
Issued – 246,330,000 shares	¥ 118,595	18.7	¥ 118,595	18.8	-	\$ 1,183,705
Capital surplus:						
Additional paid-in capital	450,903		450,903		-	4,500,488
Other capital surplus	3		3		0	38
Total capital surplus	<u>450,907</u>	71.2	<u>450,907</u>	71.3	<u>0</u>	<u>4,500,526</u>
Retained earnings:						
Unappropriated retained earnings	22,684		22,524		160	226,417
Total retained earnings	<u>22,684</u>	3.6	<u>22,524</u>	3.6	<u>160</u>	<u>226,417</u>
Treasury stock	(638)	(0.1)	(496)	(0.1)	(141)	(6,372)
Total stockholders' equity	<u>591,549</u>	93.4	<u>591,530</u>	93.6	<u>19</u>	<u>5,904,277</u>
<b>Total net assets</b>	<u>591,549</u>	93.4	<u>591,530</u>	93.6	<u>19</u>	<u>5,904,277</u>
<b>Total liabilities and net assets</b>	<u>¥ 633,217</u>	100.0	<u>¥ 632,016</u>	100.0	<u>1,201</u>	<u>\$ 6,320,164</u>

## Unaudited Non-Consolidated Statements of Operations

Years ended March 31,	2008		2007		Increase (decrease)	2008
	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(%)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
<b>Operating income:</b>						
Dividends on Investments in subsidiaries	¥ 16,129		¥ 13,546		¥ 2,583	\$ 160,989
Fees and commissions received from subsidiaries	3,176		2,852		323	31,703
<b>Total operating income</b>	<b>19,306</b>	<b>100.0</b>	<b>16,399</b>	<b>100.0</b>	<b>2,906</b>	<b>192,693</b>
<b>Operating expenses:</b>						
General and administrative expenses	2,894	15.0	2,596	15.8	297	28,888
<b>Operating profit</b>	<b>16,411</b>	<b>85.0</b>	<b>13,802</b>	<b>84.2</b>	<b>2,608</b>	<b>163,805</b>
<b>Non-operating income:</b>						
Interest income	-		34		(34)	-
Interest on securities	88		-		88	883
Interest on tax refund	0		0		0	0
Fee income	8		6		1	85
Other income	1		1		(0)	14
<b>Total non-operating income</b>	<b>98</b>	<b>0.5</b>	<b>43</b>	<b>0.3</b>	<b>55</b>	<b>984</b>
<b>Non-operating expenses:</b>						
Interest expenses	162		1		161	1,622
Fees and commissions paid	-		15		(15)	-
Other expenses	0		0		-	4
<b>Total non-operating expenses</b>	<b>163</b>	<b>0.8</b>	<b>16</b>	<b>0.1</b>	<b>146</b>	<b>1,627</b>
<b>Ordinary profit</b>	<b>16,347</b>	<b>84.7</b>	<b>13,829</b>	<b>84.3</b>	<b>2,517</b>	<b>163,161</b>
<b>Extraordinary losses:</b>						
Headquarters removal costs	-	-	127	0.8	(127)	-
<b>Income before income taxes</b>	<b>16,347</b>	<b>84.7</b>	<b>13,702</b>	<b>83.6</b>	<b>2,644</b>	<b>163,161</b>
<b>Income taxes:</b>						
Current	243		107		136	2,434
Deferred	(63)		6		(70)	(634)
<b>Total income taxes</b>	<b>180</b>	<b>1.0</b>	<b>114</b>	<b>0.7</b>	<b>66</b>	<b>1,800</b>
<b>Net income</b>	<b>16,166</b>	<b>83.7</b>	<b>13,588</b>	<b>82.9</b>	<b>2,578</b>	<b>161,361</b>

## Unaudited Non-Consolidated Statements of Changes in Net Assets

	<i>(Millions of yen)</i>								
	Stockholders' equity								
	Common stock	Capital Surplus			Retained earnings		Treasury stock	Total	Total net assets
Additional paid-in capital		Other capital surplus	Total capital surplus	Unappropriated retained earnings	Total retained earnings				
Balance as of March 31, 2007	118,595	450,903	3	450,907	22,524	22,524	(496)	591,530	591,530
Changes in the period									
Dividends					(16,066)	(16,066)		(16,006)	(16,006)
Bonus to directors and corporate auditors								-	-
Net income					16,166	16,166		16,166	16,166
Acquisition of treasury stock							(156)	(156)	(156)
Disposal of treasury stock			0	0			14	14	14
Total changes in the period	-	-	0	0	160	160	(141)	19	19
<b>Balance as of March 31, 2008</b>	<b>118,595</b>	<b>450,903</b>	<b>3</b>	<b>450,907</b>	<b>22,684</b>	<b>22,684</b>	<b>(638)</b>	<b>591,549</b>	<b>591,549</b>
	<i>(Thousands of U.S. dollars)</i>								
	Stockholders' equity								
	Common stock	Capital Surplus			Retained earnings		Treasury stock	Total	Total net assets
		Additional paid-in capital	Other capital surplus	Total capital surplus	Unappropriated retained earnings	Total retained earnings			
Balance as of March 31, 2007	1,183,705	4,500,488	37	4,500,525	224,815	224,815	(4,959)	5,904,086	5,904,086
Changes in the period									
Dividends					(159,759)	(159,759)		(159,759)	(159,759)
Bonus to directors and corporate auditors								-	-
Net income					161,361	161,361		161,361	161,361
Acquisition of treasury stock							(1,558)	(1,558)	(1,558)
Disposal of treasury stock			1	1			145	147	147
Total changes in the period	-	-	1	1	1,601	1,601	(1,412)	190	190
<b>Balance as of March 31, 2008</b>	<b>1,183,705</b>	<b>4,500,488</b>	<b>38</b>	<b>4,500,526</b>	<b>226,417</b>	<b>226,417</b>	<b>(6,372)</b>	<b>5,904,277</b>	<b>5,904,277</b>
	<i>(Millions of yen)</i>								
	Stockholders' equity								
	Common stock	Capital Surplus			Retained earnings		Treasury stock	Total	Total net assets
		Additional paid-in capital	Other capital surplus	Total capital surplus	Unappropriated retained earnings	Total retained earnings			
Balance as of March 31, 2006	118,595	450,903	1	450,905	22,520	22,520	(322)	591,698	591,698
Changes in the period									
Dividends					(13,544)	(13,544)		(13,544)	(13,544)
Bonus to directors and corporate auditors					(39)	(39)		(39)	(39)
Net income					13,588	13,588		13,588	13,588
Acquisition of treasury stock							(179)	(179)	(179)
Disposal of treasury stock			2	2			5	8	8
Total changes in the period	-	-	2	2	3	3	(174)	(167)	(167)
<b>Balance as of March 31, 2007</b>	<b>118,595</b>	<b>450,903</b>	<b>3</b>	<b>450,907</b>	<b>22,524</b>	<b>22,524</b>	<b>(496)</b>	<b>591,530</b>	<b>591,530</b>