

# FINANCIAL SUMMARY

(For the Nine Months Ended December 31, 2008)

February 12, 2009

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/>

## 1. Consolidated Operating Results for the Nine Months Ended December 31, 2008 (April 1, 2008 - December 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
Nine months ended December 31, 2008	¥1,952,146 million	-	¥(132,022) million	-	¥(47,508) million	-
Nine months ended December 31, 2007	¥1,725,675 million	1.3	¥130,997 million	8.3	¥37,549 million	(5.9)

	Net Income per Share	Net Income per Share (Fully Diluted)
Nine months ended December 31, 2008	¥(192.95)	-
Nine months ended December 31, 2007	¥152.49	-

### (2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of December 31, 2008	¥12,538,531 million	¥319,830 million	2.5%	¥1,292.40
As of March 31, 2008	¥13,366,056 million	¥677,273 million	5.1%	¥2,743.16

Note: Equity: as of December 31, 2008: ¥318,134 million; as of March 31, 2008: ¥675,453 million

## 2. Dividends

	Dividends per Share				
	First Quarter-End	Second Quarter-End	Third Quarter-End	Year-End	Annual
Year ended March 31, 2008	-	-	-	¥65.00	¥65.00
Year ending March 31, 2009	-	-	-		
Year ending March 31, 2009 (Forecast)				¥45.00	¥45.00

Note: Dividend forecasts have been revised in this term.

## 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
Year ending March 31, 2009	¥2,400,000 million 3.0%	¥(155,000) million -%	¥(84,000) million -%	¥(341.25)

Note: Consolidated financial forecasts have been revised in this term.

#### 4. Others

- (1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): None
- (2) Adoption of Simple Accounting Methods and Accounting Methods Specific to Preparation for Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Principles, Procedures and Presentation Methods for Quarterly Consolidated Financial Statements:

1. Changes due to the revision of accounting standards: Applicable
2. Changes due to other factors: Applicable

*Note: For details, please refer to T&D Holdings' "Financial Review 5.Others" section in this material "Financial Summary for the Nine Months Ended December 31, 2008".*

- (4) Number of Outstanding Shares (Common Stock)
  1. Number of outstanding shares including treasury stock at the end of the term: as of December 31, 2008: 246,330,000  
as of March 31, 2008: 246,330,000
  2. Number of treasury stock at the end of the term: as of December 31, 2008: 172,592  
as of March 31, 2008: 98,215
  3. Average number of outstanding shares during the term: for the nine months ended December 31, 2008: 246,220,968  
for the nine months ended December 31, 2007: 246,242,253

1. *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' "Financial Review 4. Forecasts for the Year Ending March 31, 2009(April 1, 2008 - March 31, 2009)" section in this material "Financial Summary for the Nine Months Ended December 31, 2008" about consolidated forecasts and non-consolidated forecasts.*
2. *Effective from this fiscal year, ASBJ Statement No.12 "Accounting Standard for Quarterly Financial Reporting" and ASBJ Guidance No. 14 "Guidance on Accounting Standard for Quarterly Financial Reporting" have been adopted. Under Article 61 and 82 of the "Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements", the quarterly consolidated financial statements have been prepared in accordance with the "Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements" and the "Enforcement Regulation of the Insurance Business Law."*

# ***Financial Review***

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

For the nine months ended December 31, 2008, ordinary revenues increased ¥226.4 billion, or 13.1 percent from the level of the same term of the previous fiscal year, to ¥1,952.1 billion, which was a total of income from insurance premiums of ¥1,256.8 billion (up 2.1 percent), investment income of ¥320.3 billion (up 8.2 percent), other ordinary income of ¥374.9 billion (up 88.8 percent) and others.

Ordinary expenses increased ¥489.4 billion, or 30.7 percent from the level of the same term of the previous fiscal year, to ¥2,084.1 billion, which was a total of insurance claims and other payments of ¥1,394.8 billion (up 9.8 percent), investment expenses of ¥464.8 billion (up 312.4 percent), operating expenses of ¥160.3 billion (up 3.8 percent), other ordinary expenses of ¥63.4 billion (up 12.9 percent) and others.

As a result, ordinary profit decreased ¥263.0 billion from the level of the same term of the previous fiscal year, to a loss of ¥132.0 billion, compared with a profit of ¥130.9 billion recorded in the same term of the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities and devaluation losses on securities.

Extraordinary gains increased 1,714.6 percent, to ¥97.7 billion, and extraordinary losses decreased 93.7 percent, to ¥1.6 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥95.5 billion (provision for reserve for price fluctuations of ¥22.8 billion recorded in the same term of the previous fiscal year).

After accounting for extraordinary gains and losses, the provision for reserve for policyholder dividends, and income taxes, net income decreased ¥85.0 billion from the level of the same term of the previous fiscal year, to a loss of ¥47.5 billion, compared with a profit of ¥37.5 billion recorded in the same term of the previous fiscal year.

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

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

As of December 31, 2008, total assets amounted to ¥12,538.5 billion (down 6.2 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥8,319.6 billion (down 10.0 percent), loans of ¥2,236.4 billion (down 5.4 percent), monetary claims purchased of ¥516.8 billion (up 20.0 percent), call loans of ¥330.5 billion (up 18.1 percent), tangible fixed assets of ¥306.7 billion (down 0.8 percent) and cash and deposits of ¥291.4 billion (down 5.5 percent).

Total liabilities were ¥12,218.7 billion (down 3.7 percent), and policy reserves accounting for a substantial portion of them amounted to ¥11,798.8 billion (down 2.8 percent).

Total net assets were ¥319.8 billion (down 52.8 percent), of which net unrealized gains on securities was a loss of ¥46.4 billion (a gain of ¥246.8 billion posted at the previous fiscal year-end).

## **(2) Cash Flows**

Cash flows for the nine months ended December 31, 2008, were as follows.

Net cash used in operating activities was ¥234.3 billion in expenditure, up ¥142.5 billion from the level of the same term of the previous fiscal year. This was mainly due to an increase in insurance claims and other payments.

Net cash provided by investing activities was ¥438.2 billion, up ¥489.3 billion in revenue, compared with the expenditure of ¥51.1 billion recorded in the same term of the previous fiscal year. This was mainly due to an increase in gains on sales and redemptions of securities.

Net cash used in financing activities was ¥21.8 billion in expenditure, up ¥18.1 billion from the level of the same term of the previous fiscal year. This was mainly due to an increase in redemptions of short-term debenture and redemptions of debenture.

As a result, cash and cash equivalents as of December 31, 2008 totaled ¥1,161.6 billion, up ¥179.0 billion from the beginning of the fiscal year.

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

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

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

For the nine months ended December 31, 2008, Taiyo Life's ordinary revenues increased ¥80.5 billion, or 10.4 percent from the level of the same term of the previous fiscal year, to ¥856.0 billion, which was a total of income from insurance premiums of ¥460.4 billion (down 6.3 percent), investment income of ¥166.6 billion (up 5.0 percent), and other ordinary income of ¥228.9 billion (up 82.4 percent).

Ordinary expenses increased ¥169.1 billion, or 23.3 percent from the level of the same term of the previous fiscal year, to ¥895.8 billion, which was a total of insurance claims and other payments of ¥624.6 billion (up 6.5 percent), investment expenses of ¥174.4 billion (up 234.0 percent), operating expenses of ¥59.3 billion (up 3.2 percent) and others.

As a result, ordinary profit decreased ¥88.5 billion from the level of the same term of the previous fiscal year, to a loss of ¥39.7 billion, compared with a profit of ¥48.8 billion recorded in the same term of the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities and devaluation losses on securities.

Extraordinary gains increased 22,154.8 percent, to ¥62.8 billion, and extraordinary losses decreased 96.9 percent, to ¥0.5 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥61.8 billion (provision for reserve for price fluctuations of ¥15.5 billion recorded in the same term of the previous fiscal year).

Net income decreased ¥11.1 billion, or 91.4 percent from the level of the same term of the previous fiscal year, to ¥1.0 billion.

Core profit (a measure of underlying profitability from core insurance operations on a non-consolidated basis) for the nine months ended December 31, 2008, recorded ¥27.4 billion, down 30.0 percent compared with the same term of the previous year, after compensating for a negative spread of ¥22.9 billion (up 47.2 percent).

***Daido Life Insurance Company:***

For the nine months ended December 31, 2008, Daido Life's ordinary revenues increased ¥96.8 billion, or 11.6 percent from the level of the same term of the previous fiscal year, to ¥929.4 billion, which was a total of income from insurance premiums of ¥612.6 billion (down 2.5 percent), investment income of ¥132.3 billion (up 0.3 percent), and other ordinary income of ¥184.4 billion (up 155.2 percent).

Ordinary expenses increased ¥261.4 billion, or 35.0 percent from the level of the same term of the previous fiscal year, to ¥1,007.8 billion, which was a total of insurance claims and other payments of ¥703.5 billion (up 15.3 percent) and investment expenses of ¥204.7 billion (up 443.7 percent), operating expenses of ¥87.1 billion (up 1.5 percent) and others.

As a result, ordinary profit decreased ¥164.6 billion from the level of the same term of the previous fiscal year, to a loss of ¥78.3 billion, compared with a profit of ¥86.2 billion recorded in the same term of the previous fiscal year. This was mainly due to an increase in investment expenses such as losses on sales of securities and losses on investment in trading securities, net.

Extraordinary gains increased 581.0 percent, to ¥34.5 billion, and extraordinary losses decreased 91.2 percent, to ¥0.8 billion. Extraordinary gains mainly consisted of reversal of reserve for price fluctuations of ¥33.6 billion (provision for reserve for price fluctuations of ¥7.2 billion recorded in the same term of the previous fiscal year).

Net income decreased ¥67.6 billion from the level of the same term of the previous fiscal year, to a loss of ¥38.0 billion, compared with a profit of ¥29.5 billion recorded in the same term of the previous fiscal year.

Core profit was ¥9.5 billion, down 89.2 percent compared with the same term of the previous year, after compensating for a negative spread of ¥62.9 billion (a positive spread of ¥4.3 billion recorded in the same term of the previous year).

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

For the nine months ended December 31, 2008, T&D Financial Life's ordinary revenues increased ¥94.1 billion, or 74.3 percent from the level of the same term of the previous fiscal year, to ¥220.8 billion, which was a total of income from insurance premiums of ¥183.6 billion (up 65.1 percent), investment income of ¥28.8 billion (up 255.4 percent), and other ordinary income of ¥8.4 billion (up 13.7 percent).

Ordinary expenses increased ¥103.4 billion, or 77.6 percent from the level of the same term of the previous fiscal year, to ¥236.8 billion, which was a total of insurance claims and other payments of ¥66.6 billion (down 9.7 percent), provision for policy reserve of ¥64.2 billion (up 171.4 percent), investment expenses of ¥91.6 billion (up 300.6 percent), and operating expenses of ¥12.1 billion (up 13.1 percent) and others.

As a result, ordinary losses increased ¥9.3 billion, or 140.3 percent from the level of the same term of the previous fiscal year, to ¥15.9 billion.

Net loss increased ¥6.5 billion, or 136.8 percent from the same term of the previous fiscal year, to ¥11.2 billion.

T&D Financial Life marked a loss of ¥32.6 billion (up 343.7 percent) in its core profit for the nine months ended December 31, 2008, after compensating for a negative spread of ¥2.6 billion (down 11.4 percent).

## **(2) Financial Position**

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

As of December 31, 2008, total assets amounted to ¥5,752.6 billion (down 7.0 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥3,654.3 billion (down 12.0 percent), loans of ¥1,438.8 billion (down 2.9 percent), tangible fixed assets of ¥160.7 billion (down 0.9 percent), monetary claims purchased of ¥137.1 billion (down 14.6 percent) and call loans of ¥118.8 billion (down 3.0 percent).

Total liabilities were ¥5,634.4 billion (down 5.0 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,527.8 billion (down 3.5 percent).

Total net assets were ¥118.2 billion (down 53.5 percent) of which net unrealized gains on securities was ¥6.7 billion (down 95.0 percent).

Taiyo Life's solvency margin ratio (a measure of insurance companies' financial soundness) was 820.4 percent (1,000.6 percent 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 ¥376.1 billion (¥659.7 billion posted at the previous fiscal year-end).

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

As of December 31, 2008, total assets amounted to ¥5,553.0 billion (down 8.2 percent from March 31, 2008), mainly consisting of securities centered on public and corporate bonds amounting to ¥3,713.1 billion (down 10.7 percent), loans of ¥811.4 billion (down 8.9 percent), monetary claims purchased of ¥379.7 billion (up 40.6 percent), call loans of ¥159.2 billion (up 24.6 percent), tangible fixed assets of ¥140.3 billion (down 0.1 percent) and cash and deposits of ¥129.3 billion (down 23.7 percent).

Total liabilities were ¥5,392.2 billion (down 5.0 percent), and policy reserves accounting for a substantial portion of them amounted to ¥5,195.0 billion (down 3.7 percent).

Total net assets were ¥160.8 billion (down 57.0 percent) of which net unrealized gains on securities was a loss of ¥55.2 billion (¥111.8 billion posted at the previous fiscal year-end).

Daido Life's solvency margin ratio was 800.6 percent (1,096.3 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥458.8 billion (¥777.2 billion posted at the previous fiscal year-end).

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

As of December 31, 2008, total assets amounted to ¥1,139.8 billion (up 8.7 percent from March 31, 2008), mainly consisting of securities of ¥954.6 billion (up 2.1 percent), monetary trust of ¥63.5 billion (up 110.8 percent), call loans of ¥52.5 billion (up 78.0 percent) and cash and deposits of ¥32.1 billion (up 56.1 percent).

Total liabilities were ¥1,084.6 billion (up 6.1 percent), and policy reserves accounting for a substantial portion of them amounted to ¥1,073.9 billion (up 6.2 percent).

Since T&D Financial Life increased its capital by ¥ 40.0 billion as of December 26, 2008, total net assets were ¥55.2 billion (up 105.1 percent), of which net unrealized gains on securities was

a loss of ¥1.6 billion (up 35.5 percent).

T&D Financial Life's solvency margin ratio was 963.3 percent (912.4 percent at the end of the previous fiscal year). Furthermore, the value of adjusted net assets amounted to ¥97.0 billion (¥63.7 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 nine months ended December 31, 2008 increased 38.8 percent compared with the same term of the previous fiscal year, to ¥1,645.9 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 8.0 percent compared with the same term of the previous fiscal year, to ¥949.8 billion.

As a result, the total policy amount in force of individual insurance and annuities as of December 31, 2008 increased 0.5 percent from the level of the same term of the previous fiscal year, or increased 1.4 percent from the previous fiscal year-end, to ¥17,421.5 billion.

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

The new policy amount of individual insurance and annuities (including the net increase from conversions) for the nine months ended December 31, 2008 decreased 17.4 percent compared with the same term of the previous fiscal year, to ¥3,064.8 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities increased 8.5 percent compared with the same term of the previous fiscal year, to ¥2,982.0 billion.

As a result, the total policy amount in force of individual insurance and annuities as of December 31, 2008 decreased 2.0 percent from the level of the same term-end of the previous fiscal year, or decreased 1.7 percent from the previous fiscal year-end, to ¥39,200.7 billion.

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

The new policy amount of individual insurance and annuities for the nine months ended December 31, 2008 (there is no net increase from conversions) increased 105.9 percent compared with the same term of the previous fiscal year, to ¥160.8 billion.

On the other hand, the amount of surrender and lapse of individual insurance and annuities decreased 18.2 percent compared with the same term of the previous fiscal year, to ¥106.3 billion.

As a result, the total policy amount in force of individual insurance and annuities as of December 31, 2008, decreased 9.8 percent from the level of the same term of the previous fiscal year, or decreased 5.9 percent from the previous fiscal year-end, to ¥2,128.7 billion.

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

##### (1) Consolidated

Based on economic environment and operating results for the nine months ended December 31, 2008, the forecasts for the fiscal year ending March 31, 2009 have been revised from those announced on November 19, 2008, as follows.

	Ordinary Revenues	Ordinary Profit	Net Income	Net income per Share (yen)
Previous Forecast (A)	2,340,000	56,000	2,000	8.12
Revised Forecast (B)	2,400,000	(155,000)	(84,000)	(341.25)
Amount of Change (B)-(A)	60,000	(211,000)	(86,000)	
Percentage of Change (%)	2.6	-	-	
(Ref.) Results for the Year Ended March 31, 2008	2,330,071	155,712	36,749	149.24

(Reason for the revision)

##### *Ordinary Profit*

The forecast for consolidated ordinary profit for the fiscal year ending March 31, 2009 has been revised from ¥56.0 billion announced on November 19, 2008, to a loss of ¥155.0 billion (down ¥211.0 billion). This is mainly because losses on sales of securities and devaluation losses on securities are expected to increase in accordance with flagging stock market mostly reflecting financial market turmoil.

##### *Net Income*

The forecast for consolidated net income for the fiscal year ending March 31, 2009 has been revised from ¥2.0 billion announced on November 19, 2008, to a loss of ¥84.0 billion (down ¥86.0 billion). This is mainly because the reversal of reserve for price fluctuations is expected to be posted although consolidated ordinary profit is expected to decrease ¥211.0 billion.

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

	Taiyo Life	Daido Life	T&D Financial Life
Ordinary Revenues	1,050,000	1,170,000	310,000
amount of change	(30,000)	50,000	(10,000)
Ordinary Profit	(60,000)	(69,000)	(29,000)
amount of change	(101,000)	(106,000)	(4,000)
Core Profit	41,000	13,000	(44,000)
amount of change	-	(65,000)	(23,000)
Net Income	(30,000)	(35,000)	(20,000)
amount of change	(38,000)	(45,000)	(3,000)

Note: "amount of change" is presented in comparison with the previous forecast announced on November 19, 2008.

## (2) Non-consolidated

The forecasts for the fiscal year ending March 31, 2009 have not been changed from those announced on May 19, 2008, as follows.

	Operating Income	Operating Profit	Ordinary Profit	Net Income
Year-end	20,000	16,000	16,000	16,000

## (3) Projected shareholders' dividend

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.

However, the Company has revised its consolidated forecasts as above. Therefore, the projected shareholders' dividend for the fiscal year-end has been revised as follows.

	Dividends per Share		
	Interim	Year-End	Annual
Previous Forecast (announced on May 19, 2008)	-	65 yen	65 yen
Revised Forecast	-	45 yen	45 yen
Results for the Year Ending March 31, 2009	-	-	-
(Ref.) Results for the Year Ended March 31, 2008	-	65 yen	65 yen

## 5. Others

### (1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation)

None

### (2) Adoption of Simple Accounting Methods and Accounting Methods Specific to Preparation for Quarterly Consolidated Financial Statements

None

### (3) Changes in Accounting Principles and Procedures and Presentation Methods for Quarterly Consolidated Financial Statements

### ***Adoption of Accounting Standard for Quarterly Financial Reporting***

Effective from this fiscal year, ASBJ Statement No.12 “Accounting Standard for Quarterly Financial Reporting” and ASBJ Guidance No. 14 “Guidance on Accounting Standard for Quarterly Financial Reporting” have been adopted.

Under Article 61 and 82 of the “Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements”, the quarterly consolidated financial statements have been prepared in accordance with the “Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements” and the “Enforcement Regulation of the Insurance Business Law”.

### ***Adoption of Accounting Standard for Lease Transactions***

#### **(a) As lessee**

Prior to April 1, 2008, the accounting treatment for finance lease transactions not involving the transfer of ownership (nonownership-transfer finance leases) had been permitted to be accounted for as operating lease transactions. However, the adoption of the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)” was allowed regarding the quarterly consolidated financial statements on or after April 1, 2008. Therefore, the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

In addition, lease assets with respect to nonownership-transfer finance leases are amortized by the straight-line method at rates based on lease term, without any residual value.

The accounting treatment for nonownership-transfer finance leases which commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows the method for operating lease transactions.

The impact of this change on ordinary profit and net income is so limited.

#### **(b) As lessor**

Prior to April 1, 2008, the accounting treatment for nonownership-transfer finance leases had been permitted to be accounted for as operating lease transactions. However, the adoption of the “Accounting Standard for Lease Transactions (Statement No.13)” and the “Guidance on Accounting Standard for Lease Transactions (Guidance No.16)” was allowed regarding the quarterly consolidated financial statements on and after April 1, 2008. Therefore, the Company has adopted these standards and guidance effective from this fiscal year, and the accounting treatments for such transactions follow the method for ordinary purchase and sales transactions.

The impact of this change on ordinary profit and net income is so limited.

## 6. Consolidated Financial Statements

### (1) Unaudited Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
	Amount	Amount
<b>Assets:</b>		
Cash and deposits	291,401	308,428
Call loans	330,500	279,800
Monetary claims purchased	516,861	430,592
Monetary trusts	82,087	134,769
Securities	8,319,601	9,244,528
Loans	2,236,435	2,363,476
Tangible fixed assets	306,791	309,279
Intangible fixed assets	24,496	23,755
Due from agencies	1,221	1,382
Due from reinsurers	9,895	8,472
Other assets	209,889	199,089
Deferred tax assets	212,090	66,419
Reserve for possible loan losses	(2,742)	(3,940)
<b>Total assets</b>	<b>12,538,531</b>	<b>13,366,056</b>
<b>Liabilities:</b>		
Policy reserves	11,798,828	12,137,756
Reserve for outstanding claims	67,015	75,264
Policy reserve	11,564,369	11,875,618
Reserve for policyholder dividends	167,444	186,873
Due to agencies	817	280
Due to reinsurers	455	491
Short-term debenture	-	27,971
Subordinated bonds	-	20,000
Other liabilities	243,187	232,992
Reserve for bonus to directors and corporate auditors	163	210
Reserve for employees' retirement benefit	118,728	116,849
Reserve for directors' and corporate auditors' retirement benefits	4,099	4,242
Reserve for price fluctuations	41,740	137,269
Deferred tax liabilities	-	10
Deferred tax liabilities on land revaluation	10,678	10,708
<b>Total liabilities</b>	<b>12,218,700</b>	<b>12,688,782</b>
<b>Net assets:</b>		
Common stock		
Authorized - 966,000,000 shares		
Issued - 246,330,000 shares	118,595	118,595
Capital surplus	106,102	106,106
Retained earnings	188,472	251,934
Treasury stock	(924)	(638)
<b>Total stockholders' equity</b>	<b>412,245</b>	<b>475,998</b>
Net unrealized gains on securities	(46,426)	246,874
Deferred gains on hedging instruments	421	571
Land revaluation	(48,067)	(48,014)
Foreign currency translation adjustments	(38)	24
<b>Total valuation and translation adjustments</b>	<b>(94,110)</b>	<b>199,455</b>
Minority interests	1,696	1,820
<b>Total net assets</b>	<b>319,830</b>	<b>677,273</b>
<b>Total liabilities and net assets</b>	<b>12,538,531</b>	<b>13,366,056</b>

## (2) Unaudited Consolidated Statements of Operations

(Millions of yen)

	Nine months ended December 31, 2008
	Amount
<b>Ordinary revenues</b>	1,952,146
Income from insurance premiums	1,256,810
Investment income	320,371
Interest, dividends and income from real estate for rent	190,661
Gains from monetary trusts, net	20,676
Gains on sales of securities	90,521
Gains from derivatives, net	16,504
Other investment income	2,007
Other ordinary income	374,930
Reversal of policy reserve	311,249
Other ordinary income	63,681
Equity in net income of affiliated companies	33
<b>Ordinary expenses</b>	2,084,169
Insurance claims and other payments	1,394,880
Insurance claims	492,866
Annuity payments	147,805
Insurance benefits	220,953
Surrender payments	335,576
Other payments	197,678
Provision for policy and other reserves	670
Interest portion of reserve for policyholder dividends	670
Investment expenses	464,848
Interest expenses	1,467
Losses on investment in trading securities, net	38,102
Losses on sales of securities	181,391
Devaluation losses on securities	63,596
Foreign exchange losses, net	3,419
Write-off of loans	112
Depreciation of real estate for rent	4,176
Other investment expenses	69,140
Losses on separate accounts, net	103,441
Operating expenses	160,358
Other ordinary expenses	63,411
<b>Ordinary losses</b>	(132,022)
<b>Extraordinary gains</b>	97,721
Gains on disposal of fixed assets	702
Reversal of reserve for price fluctuations	95,528
Reversal of reserve for possible loan losses	1,157
Recoveries of bad debts previously written-off	119
Other extraordinary gains	213
<b>Extraordinary losses</b>	1,635
Losses on disposal of fixed assets	1,388
Other extraordinary losses	246
<b>Provision for reserve for policyholder dividends</b>	16,473
<b>Loss before income taxes</b>	(52,410)
<b>Current income taxes</b>	1,381
<b>Deferred income taxes</b>	(6,334)
<b>Minority interests</b>	50
<b>Net loss</b>	(47,508)

### (3) Unaudited Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2008
	Amount
<b>Cash flows from operating activities:</b>	
Loss before income taxes	(52,410)
Depreciation of real estate for rent	4,176
Impairment loss	9,351
Amortization of goodwill due to consolidation	357
Decrease in reserve for outstanding claims	(8,249)
Decrease in policy reserve	(311,249)
Increase in interest portion of reserve for policyholder dividends	670
Increase in provision for reserve for policyholder dividends	16,473
Decrease in reserve for possible loan losses	(1,166)
Decrease in reserve for bonus to directors and corporate auditors	(47)
Increase in reserve for employees' retirement benefits	1,878
Decrease in reserve for directors' and corporate auditors' retirement benefits	(142)
Decrease in reserve for price fluctuations	(95,528)
Interest, dividends and income from real estate for rent	(190,661)
Losses on investment securities	296,010
Interest expense	1,467
Exchange losses	3,260
Gains on disposal of tangible fixed assets	(55)
Equity in net income of affiliated companies	(33)
Decrease in amount due from agencies	160
Increase in amount due from reinsurers	(1,423)
Increase in other assets (excluding investment activities-related and financing activities-related)	(18,969)
Increase in amount due to agencies	536
Decrease in amount due to reinsurers	(35)
Decrease in other liabilities (excluding investment activities-related and financing activities-related)	(6,224)
Other, net	30,269
Subtotal	(321,583)
Interest, dividends and income from real estate for rent received	197,254
Interest paid	(1,837)
Policyholder dividends	(36,563)
Other, net	(5,105)
Income taxes paid	(66,500)
Net cash used in operating activities	(234,336)
<b>Cash flows from investing activities:</b>	
Net increase in short-term investments	(1,420)
Investments in monetary claims purchased	(40,284)
Proceeds from sale and redemption of monetary claims purchased	57,822
Investments in monetary trusts	(16,600)
Proceeds from monetary trusts	94,576
Purchase of securities	(2,861,338)
Sale and redemption of securities	2,995,135
Investments in loans	(402,688)
Collection of loans	531,886
Other, net	86,715
Subtotal	443,805
Total of net cash used in operating activities and investment transactions as above	209,469
Purchase of tangible fixed assets	(7,132)
Proceeds from disposal of tangible fixed assets	1,574
Net cash provided by investing activities	438,247
<b>Cash flows from financing activities:</b>	
Redemption of short-term debenture	(27,971)
Proceeds from debt	47,800
Repayments of debt	(5,644)
Redemption of debenture	(20,000)
Payment of lease obligations	(21)
Purchase of treasury stock	(310)
Sale of treasury stock	17
Dividends paid	(15,703)
Dividends paid to minority interests	(31)
Net cash used in financing activities	(21,866)
Effect of exchange rate changes on cash and cash equivalents	(2,957)
Net increase in cash and cash equivalents	179,087
Cash and cash equivalents at beginning of year	982,596
Cash and cash equivalents at end of period	1,161,683

Effective from this fiscal year, ASBJ Statement No.12 “Accounting Standard for Quarterly Financial Reporting” and ASBJ Guidance No. 14 “Guidance on Accounting Standard for Quarterly Financial Reporting” have been adopted.

Under Article 61 and 82 of the “Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements”, the quarterly consolidated financial statements have been prepared in accordance with the “Regulation Concerning Terminology, Forms and Methods of Preparation of Quarterly Consolidated Financial Statements” and the “Enforcement Regulation of the Insurance Business Law”.

**(4) Notes on Going-Concern Assumption**

Not applicable.

**(5) Notes for Material Changes in Shareholders' Equity**

Not applicable.

**(Reference)****(1) Unaudited Consolidated Condensed Statements of Operations for the Nine Months Ended December 31, 2007**

(Millions of yen)

	Nine months ended December 31, 2007
	Amount
<b>Ordinary revenues</b>	1,725,675
Income from insurance premiums	1,230,945
Investment income	296,091
Interest, dividends and income from real estate for rent	210,980
Gains from monetary trusts, net	14,290
Gains on investment in trading securities, net	3,655
Gains on sales of securities	64,932
Other investment income	2,232
Other ordinary income	198,609
Reversal of policy reserve	141,371
Other ordinary income	57,237
Equity in net income of affiliated companies	29
<b>Ordinary expenses</b>	1,594,678
Insurance claims and other payments	1,270,650
Insurance claims	479,026
Annuity payments	136,516
Insurance benefits	219,767
Surrender payments	302,977
Other payments	132,363
Provision for policy and other reserves	692
Interest portion of reserve for policyholder dividends	692
Investment expenses	112,714
Interest expenses	1,625
Losses on sales of securities	27,168
Devaluation losses on securities	18,487
Losses from derivatives, net	18,056
Foreign exchange losses, net	4,295
Provision for reserve for possible loan losses	127
Write-off of loans	166
Depreciation of real estate for rent	4,289
Other investment expenses	12,212
Losses on separate accounts, net	26,284
Operating expenses	154,436
Other ordinary expenses	56,184
<b>Ordinary profit</b>	130,997
<b>Extraordinary gains</b>	5,385
Gains on disposal of fixed assets	5,340
Recoveries of bad debts previously written-off	41
Other extraordinary gains	3
<b>Extraordinary losses</b>	25,963
Losses on disposal of fixed assets	2,818
Impairment loss	302
Provision for reserve for price fluctuations	22,840
Other extraordinary losses	2
<b>Provision for reserve for policyholder dividends</b>	37,678
<b>Income before income taxes</b>	72,740
<b>Current income taxes</b>	45,188
<b>Deferred income taxes</b>	(10,032)
<b>Minority interests</b>	34
<b>Net income</b>	37,549

**(2) Unaudited Consolidated Condensed Statements of Cash Flows for the Nine Months Ended December 31, 2007**

(Millions of yen)

	Nine months ended December 31, 2007
	Amount
Net cash used in operating activities	(91,776)
Net cash used in investing activities	(51,129)
Net cash used in financing activities	(3,735)
Effect of exchange rate changes on cash and cash equivalents	(4,614)
Net decrease in cash and cash equivalents	(151,255)
<b>Cash and cash equivalents at beginning of period</b>	1,217,045
<b>Cash and cash equivalents at end of period</b>	1,065,790