Management 's Discussion and Analysis of Operating Results and Financial Position

Nonconsolidated Performance

Insurance Underwriting

For the fiscal year ended March 31, 2009, net premiums written were ¥310.9 billion, a decrease of 2.3% from the previous year. Net losses and claims paid were ¥191.8 billion, a decrease of 1.5% from the previous year. The net loss ratio rose 0.9 points to 67.4%.

Underwriting-related operating and general expenses increased by 1.8% from the previous year to ¥54.3 billion. This increase was due primarily to our continued investments in improving our operational quality, partially offset by our efforts to streamline overall operations and improve spending efficiency. The net business expense ratio rose by 1.1 percentage points to 34.6%.

As a result of the foregoing, as well as after accounting for accumulated premiums of savings-type insurance, maturity refund, provision for reserves for reported and estimated losses and claims, reversal of underwriting reserves, and other underwriting income and expense items, we recorded an underwriting loss of ¥8.7 billion.

Asset Management

As of March 31, 2009, total assets were ¥1,100.1 billion, and total investments were ¥959.2 billion. Total assets and total investments decreased by 9.4% and 14.6%, respectively, due primarily to the fall in the domestic stock market.

During the fiscal year ended March 31, 2009, we continued to maintain our investments primarily in bonds from the perspective of investment soundness, liquidity and stable profits. We took a conservative approach to investment as we reduced our holdings of overseas bonds and increased our holdings of domestic bonds, and sought to increase our foreign exchange hedging ratios.

As a result, interest and dividends received decreased by ¥4.6 billion from the previous year to ¥23.8 billion, due in part to a decrease in interests and dividends received on overseas bonds.

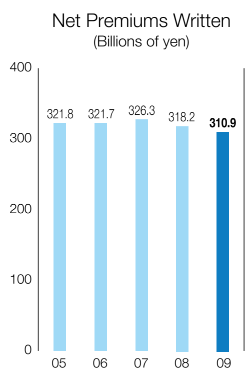
As a result of the foregoing and a decrease in gains on sales of overseas bonds, investment income decreased by ¥16.0 billion from the previous year to ¥31.5 billion. Investment expenses increased by ¥17.5 billion to ¥34.9 billion due primarily to an increase in valuation losses on trading securities.

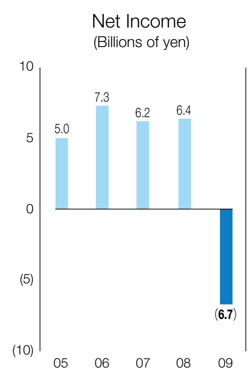
Income

For the fiscal year ended March 31, 2009, ordinary revenue decreased by ¥24.2 billion from the previous year to ¥383.6 billion, reflecting insurance underwriting income of ¥351.2 billion, investment income of ¥31.5 billion ,and other ordinary income of ¥0.8 billion.

Ordinary expenses increased by ¥5.0 billion to ¥400.4 billion, reflecting insurance underwriting expenses of ¥306.0 billion, investment expenses of ¥34.9 billion, operating and general administrative expenses of ¥58.4 billion, and other ordinary expenses of ¥1.0 billion.

As a result, we recorded an ordinary loss of ¥16.8 billion. After adjustment for extraordinary items and income taxes, net income for the year was a loss of ¥6.738 billion.





Financial Position

Assets, Liabilities and Shareholders' Equity

At March 31, 2009, total assets were ¥1,100.1 billion, a decrease of ¥113.9 billion at the end of the previous fiscal year. Total equity also declined by ¥88.9 billion to ¥184.3 billion as of March 31, 2009, compared to the end of the previous fiscal year, owing primarily to a decrease in unrealized gains on available-for-sale securities.

As a result, the equity ratio was 16.8%, and net assets per share was ¥485.73.

Solvency Margin Ratio

As of March 31, 2009, total solvency margin, as calculated in accordance with applicable Japanese regulations, declined by ¥123.0 billion from the end of the previous fiscal year to ¥386.1 billion primarily to the decrease in unrealized gains on securities. Total amount of risk, as calculated in accordance with applicable Japanese regulations, decreased by ¥6.4 billion from the end of the previous fiscal year to ¥90.3 billion at March 31, 2009.

As a result, our solvency margin ratio at March 31, 2009, as calculated in accordance with applicable Japanese regulations, decreased by 197.0 points to 855.1% from the end of the previous fiscal year.

Analysis of Sources of Capital and Capital Liquidity

Cash Flows

For the fiscal year ended March 31, 2009, net cash used in operating activities was ¥8.6 billion, a decrease of ¥1.4 billion from the previous fiscal year. This decrease was due primarily to our recording net losses for the fiscal year ended March 31, 2009, partially offset by a decrease in net losses and claims paid.

Net cash used in investing activities was ¥10.0 billion, compared to net cash provided by investing activities of ¥ 11.5 billion for the previous fiscal year. This was due mainly to a decrease in proceeds from sales or maturity of securities.

Net cash used in financing activities was ¥3.2 billion, an increase of ¥0.1 billion from the previous fiscal year. The increase was due primarily to a repurchase of shares of our common stock.

Consequently, Cash and cash equivalents at March 31, 2009 were ¥56.2 billion, a decrease of ¥22.5 billion from the end of the previous year.

Capital Liquidity

By maintaining our cash and cash equivalents at a certain level and diversifying investment securities to ensure financial stability, profitability and liquidity, we believe we currently have sufficient liquidity for payment of claims and other expenses.