CHAPTER 5

Financial Data

CONSOLIDATED FINANCIAL REVIEW

NON-CONSOLIDATED FINANCIAL REVIEW

✳ All figures are rounded down to the nearest unit.

1. Consolidated Balance Sheets

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2011**	**2010**	**2009**	**2011**
ASSETS:				
Cash and deposits (Note 3)	¥ 688,152	¥ 617,836	¥ 616,728	$ 8,276
Call loans	119,800	146,100	203,800	1,441
Receivables under securities borrowing transactions	392,526	151,689	—	4,721
Monetary receivables purchased (Note 3)	1,021,145	1,152,229	1,160,387	12,281
Assets held in trust (Note 3)	—	10,670	114,637	—
Investments in securities (Notes 3, 5, 11 and 12)	35,617,542	34,919,016	31,283,156	428,353
Loans receivable (Notes 3, 13 and 14)	8,659,163	8,694,487	9,050,468	104,139
Tangible fixed assets (Notes 4, 6, 11 and 16)**:**	1,787,239	1,808,633	1,685,176	21,494
Land	1,203,352	1,209,743	1,084,930	14,472
Buildings	532,558	544,400	556,207	6,405
Leases	4,568	2,813	203	55
Construction in progress	23,014	26,238	21,484	277
Other tangible fixed assets	23,746	25,437	22,351	286
Intangible fixed assets:	192,130	181,285	167,541	2,311
Software	67,849	70,130	64,945	816
Other intangible fixed assets	124,281	111,154	102,595	1,495
Reinsurance receivables	319	300	275	4
Other assets	726,955	742,542	781,863	8,743
Deferred tax assets (Note 17)	750,557	439,865	944,425	9,027
Customers' liability for acceptances and guarantees	21,377	15,088	14,204	257
Allowance for doubtful accounts	(26,769)	(29,403)	(25,220)	(322)
Total assets	¥49,950,141	¥48,850,343	¥45,997,446	$600,723

The accompanying notes are an integral part of the consolidated financial statements.

As of March 31	Millions of Yen 2011	2010	2009	Millions of U.S. Dollars 2011
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 250,324	¥ 224,766	¥ 224,277	$ 3,011
Policy reserves	43,108,223	42,015,736	40,881,510	518,439
Reserve for dividends to policyholders (Note 8)	1,144,330	1,150,140	1,215,391	13,762
	44,502,877	**43,390,643**	**42,321,180**	**535,212**
Reinsurance payables	**326**	**326**	**340**	**4**
Other liabilities	**2,364,231**	**1,904,609**	**1,239,459**	**28,433**
Accrued bonuses for directors and corporate auditors	**57**	**56**	**71**	**1**
Accrued severance indemnities (Note 9)	**442,637**	**453,157**	**440,804**	**5,323**
Accrued retirement benefits for directors and corporate auditors	**5,215**	**6,029**	**6,123**	**63**
Reserve for point cards	**4,652**	**—**	**—**	**56**
Accrued losses from supporting closely related companies	**424**	**453**	**485**	**5**
Reserve for losses on disaster	**1,826**	**—**	**—**	**22**
Reserve for price fluctuations in investments in securities	**347,003**	**398,011**	**372,013**	**4,173**
Deferred tax liabilities (Note 17)	**51**	**—**	**—**	**1**
Deferred tax liabilities for land revaluation	**171,952**	**174,013**	**176,020**	**2,068**
Acceptances and guarantees	**21,377**	**15,088**	**14,204**	**257**
Total liabilities	**47,862,633**	**46,342,389**	**44,570,702**	**575,618**
NET ASSETS:				
Foundation funds (Note 10)	**250,000**	**250,000**	**200,000**	**3,007**
Reserve for redemption of foundation funds (Note 10)	**850,000**	**800,000**	**750,000**	**10,222**
Reserve for revaluation	**651**	**651**	**651**	**8**
Consolidated surplus	**380,448**	**409,964**	**349,344**	**4,575**
Total equity	**1,481,099**	**1,460,616**	**1,299,995**	**17,812**
Net unrealized gains on available-for-sale securities, net of tax	**745,362**	**1,178,311**	**253,693**	**8,964**
Deferred gains (losses) on derivatives under hedge accounting	**6,832**	**(602)**	**6**	**82**
Land revaluation differences	**(89,985)**	**(91,111)**	**(91,006)**	**(1,082)**
Cumulative translation adjustments	**(67,197)**	**(50,640)**	**(46,148)**	**(808)**
Total accumulated other comprehensive income	**595,012**	**1,035,956**	**116,544**	**7,156**
Minority interests	**11,395**	**11,381**	**10,203**	**137**
Total net assets	**2,087,507**	**2,507,953**	**1,426,743**	**25,105**
Total liabilities and net assets	**¥49,950,141**	**¥48,850,343**	**¥45,997,446**	**$600,723**

The accompanying notes are an integral part of the consolidated financial statements.

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income [Consolidated Statements of Income]

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2011**	**2010**	**2009**	**2011**
REVENUES:				
Income from insurance and reinsurance premiums	**¥4,917,047**	**¥4,837,897**	**¥5,060,302**	**$59,135**
Investment income:				
Interest, dividends and other income	1,212,295	1,128,229	1,142,142	14,580
Gain from assets held in trust, net	—	28,657	—	—
Gain on sales of securities	317,957	183,840	88,169	3,824
Gain from redemption of securities	2,121	1,259	5,063	26
Gain from derivative financial instruments, net	—	16,436	—	—
Other investment income	1,582	1,208	4,292	19
Gain from separate accounts, net	—	200,643	—	—
	1,533,957	**1,560,274**	**1,239,667**	**18,448**
Other revenues	**278,608**	**291,700**	**392,892**	**3,351**
Total revenues	**6,729,612**	**6,689,872**	**6,692,862**	**80,933**
EXPENDITURES:				
Insurance claims and other payments:				
Death and other claims	1,135,479	1,174,213	1,314,163	13,656
Annuity payments	568,489	540,285	506,864	6,837
Health and other benefits	845,898	879,253	851,235	10,173
Surrender benefits	1,014,833	1,059,647	1,102,075	12,205
Other refunds	262,853	244,455	280,608	3,161
Reinsurance premiums	1,586	1,724	1,648	19
	3,829,140	**3,899,580**	**4,056,596**	**46,051**
Provision for policy reserves:				
Provision for claim reserves	25,843	630	—	311
Provision for policy reserves	1,092,497	1,134,090	140,343	13,139
Interest on reserve for dividends to policyholders	29,228	31,160	33,206	352
	1,147,569	**1,165,881**	**173,550**	**13,801**
Investment expenses:				
Interest expense	3,866	3,268	4,791	46
Loss on proprietary trading securities	—	—	0	—
Loss from assets held in trust, net	605	—	54,967	7
Loss on sales of securities	255,515	124,083	131,964	3,073
Loss on valuation of securities	140,460	89,270	532,044	1,689
Loss from redemption of securities	16,547	12,635	6,240	199
Loss from derivative financial instruments, net	29,732	—	116,658	358
Foreign exchange loss, net	7,631	12,879	15,927	92
Provision for doubtful accounts	—	14,779	—	—
Write-off of loans	83	267	213	1
Depreciation of rental real estate and other assets	25,561	26,001	27,160	307
Other investment expenses	28,910	25,210	25,441	348
Loss from separate accounts, net	34,818	—	352,786	419
	543,734	**308,397**	**1,268,196**	**6,539**
Operating expenses (Note 15)	**590,727**	**590,238**	**583,788**	**7,104**
Other expenditures	**394,453**	**434,223**	**519,689**	**4,744**
Total expenditures	**6,505,624**	**6,398,320**	**6,601,821**	**78,240**
Operating income	**¥ 223,987**	**¥ 291,552**	**¥ 91,041**	**$ 2,694**

For the years ended March 31	2011 (Millions of Yen)	2010 (Millions of Yen)	2009 (Millions of Yen)	2011 (Millions of U.S. Dollars)
Extraordinary gains:				
Gain on disposal of fixed assets	¥ 1,588	¥ 1,324	¥ 1,083	$ 19
Gain on negative goodwill	234	—	—	3
Reversal of reserve for price fluctuations in investments in securities	51,008	—	115,250	613
Reversal of allowance for doubtful accounts	2,757	—	10,187	33
	55,587	**1,324**	**126,521**	**669**
Extraordinary losses:				
Loss on disposal of fixed assets	6,558	5,069	3,760	79
Impairment losses (Note 16)	11,756	6,650	5,977	141
Provision for reserve for price fluctuations in investments in securities	—	25,998	—	—
Loss on reduction entry of real estate	397	332	256	5
Provision for reserve for losses on disaster	1,826	—	—	22
Loss on adjustment for change in accounting standard for asset retirement obligations	1,172	—	—	14
Other extraordinary losses (Note 18)	4,158	2,577	1,477	50
	25,869	**40,627**	**11,471**	**311**
Surplus before income taxes and minority interests	**253,705**	**252,249**	**206,090**	**3,051**
Income taxes (Note 17)**:**				
Current	120,726	5,353	2,896	1,452
Deferred	(92,893)	2,541	50,526	(1,117)
Total	27,833	7,894	53,423	335
Surplus before minority interests	**225,872**	**—**	**—**	**2,716**
Minority interests	**552**	**692**	**573**	**7**
Net surplus	**¥ 225,319**	**¥ 243,663**	**¥ 152,093**	**$ 2,710**

The accompanying notes are an integral part of the consolidated financial statements.

[Consolidated Statements of Comprehensive Income]

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen	Millions of U.S. Dollars
Year ended March 31, 2011	**2011**	**2011**
Surplus before minority interests	¥ 225,872	$ 2,716
Other comprehensive income:	(442,966)	(5,327)
Net unrealized gains on available-for-sale securities, net of tax	(428,958)	(5,159)
Deferred gains (losses) on derivatives under hedge accounting	7,435	89
Land revaluation differences	(869)	(10)
Cumulative translation adjustments	(15,993)	(192)
Share of other comprehensive income of associates accounted for under the equity method	(4,580)	(55)
Comprehensive income:	(217,094)	(2,611)
Comprehensive income attributable to owners of the Parent Company	(217,619)	(2,617)
Comprehensive income attributable to minority interests	¥ 525	$ 6

Note

Comprehensive income for the fiscal year immediately before the current fiscal year is as follows:

	Millions of Yen
Year ended March 31, 2010	**2010**
Comprehensive income attributable to owners of the Parent Company	¥1,163,155
Comprehensive income attributable to minority interests	899
Total	¥1,164,054

Other comprehensive income for the fiscal year immediately before the current fiscal year is as follows:

	Millions of Yen
Year ended March 31, 2010	**2010**
Net unrealized gains on available-for-sale securities, net of tax	¥917,532
Deferred gains (losses) on derivatives under hedge accounting	(608)
Land revaluation differences	(24)
Cumulative translation adjustments	(4,560)
Share of other comprehensive income of associates accounted for under the equity method	7,360
Total	¥919,699

3. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and Subsidiaries

For the years ended March 31	Millions of Yen 2011	2010	2009	Millions of U.S. Dollars 2011
I Cash flows from operating activities:				
Surplus before income taxes and minority interests	¥ 253,705	¥ 252,249	¥ 206,090	$ 3,051
Depreciation of rental real estate and other assets	25,561	26,001	27,160	307
Depreciation	49,001	45,477	44,566	589
Impairment losses	11,756	6,650	5,977	141
Net increase (decrease) in reserve for outstanding claims	25,789	460	(15,019)	310
Net increase in policy reserves	1,092,652	1,134,209	140,499	13,141
Interest on reserve for dividends to policyholders	29,228	31,160	33,206	352
Net (decrease) increase in allowance for doubtful accounts	(3,767)	14,108	(10,963)	(45)
Net increase (decrease) in accrued bonuses for directors and corporate auditors	1	(14)	(22)	0
Net (decrease) increase in accrued severance indemnities	(10,520)	12,352	5,446	(127)
Net (decrease) increase in accrued retirement benefits for directors and corporate auditors	(813)	(94)	192	(10)
Net (decrease) increase in reserve for price fluctuations in investments in securities	(51,008)	25,998	(115,250)	(613)
Interest, dividends and other income	(1,212,295)	(1,128,229)	(1,142,142)	(14,580)
Net loss (gain) from assets held in trust	605	(28,657)	54,967	7
Net losses on investments in securities	92,430	41,218	577,080	1,112
Net loss of policy loans	216,969	234,322	253,292	2,609
Loss (gain) on derivative financial instruments, net	29,732	(16,436)	116,658	358
Interest expense	3,866	3,268	4,791	46
Foreign exchange loss	7,465	12,831	15,927	90
Net losses on tangible fixed assets	5,367	4,077	2,933	65
Investment loss (gain) on equity method	38	(1,408)	2,386	0
Loss (gain) from separate accounts, net	34,818	(200,643)	352,786	419
Net (increase) decrease in reinsurance receivables	(18)	(25)	338	(0)
Net decrease (increase) in other assets (excluding those related to investing activities and financial activities)	15,101	1,194	(3,248)	182
Net (decrease) increase in reinsurance payables	(0)	(14)	1	(0)
Net (decrease) increase in other liabilities (excluding those related to investing activities and financing activities)	(2,122)	(5,825)	9,058	(26)
Others, net	10,935	20,017	(29,885)	132
Subtotal	**624,481**	**484,247**	**536,831**	**7,510**
Interest, dividends and other income received	1,209,417	1,123,829	1,164,940	14,545
Interest paid	(3,840)	(3,297)	(5,236)	(46)
Dividends to policyholders paid	(210,196)	(222,643)	(224,679)	(2,528)
Others, net	1,335	1,769	12,919	16
Income taxes paid/refund	(8,062)	44,475	(88,828)	(97)
Net cash provided by operating activities	**¥ 1,613,134**	**¥ 1,428,380**	**¥ 1,395,946**	**$ 19,400**

For the years ended March 31	Millions of Yen 2011	2010	2009	Millions of U.S. Dollars 2011
Ⅱ Cash flows from investing activities:				
Net (increase) in deposits	¥ (200)	¥ (400)	¥ (1,400)	$ (2)
Net (increase) in receivables under securities borrowing transactions	(240,836)	(151,689)	—	(2,896)
Purchases of monetary receivables purchased	(34,623)	(19,343)	(103,755)	(416)
Proceeds from sales and redemption of monetary receivables purchased	89,481	49,824	98,958	1,076
Proceeds from decrease in assets held in trust	10,043	132,048	—	121
Purchases of securities	(19,093,872)	(11,315,842)	(11,901,539)	(229,632)
Proceeds from sales and redemption of securities	16,774,520	9,505,934	10,110,478	201,738
Investments in loans	(1,500,532)	(1,397,314)	(1,526,277)	(18,046)
Collections of loans	1,331,800	1,538,025	1,725,834	16,017
Net income from settlement of derivative financial instruments	328,511	146,595	109,461	3,951
Net increase (decrease) in cash received as collateral under securities lending contracts	272,194	574,562	(122,611)	3,274
Others, net	25,049	(8,903)	(1,100)	301
Ⅱ ① Subtotal	**(2,038,462)**	**(946,503)**	**(1,611,951)**	**(24,515)**
[Ⅰ + Ⅱ ①]	**[(425,327)]**	**[481,877]**	**[(216,004)]**	**[(5,115)]**
Purchases of tangible fixed assets	(43,899)	(184,399)	(59,975)	(528)
Proceeds from sales of tangible fixed assets	7,707	3,748	3,631	93
Others, net	(38,649)	(37,465)	(38,316)	(465)
Net cash (used in) investing activities	**(2,113,303)**	**(1,164,619)**	**(1,706,612)**	**(25,416)**
Ⅲ Cash flows from financing activities:				
Proceeds from debt issuance	192,300	149,795	133,799	2,313
Repayments of debt	(204,508)	(167,064)	(138,008)	(2,460)
Proceeds from issuance of foundation funds	50,000	100,000	50,000	601
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Others, net	4,616	13,011	(1,069)	56
Net cash (used in) provided by financing activities	**(11,242)**	**43,253**	**(7,780)**	**(135)**
Ⅳ Effect of exchange rate changes on cash and cash equivalents	**(2,035)**	**(9,394)**	**(19,889)**	**(24)**
Ⅴ Net (decrease) increase in cash and cash equivalents	**(513,447)**	**297,619**	**(338,335)**	**(6,175)**
Ⅵ Cash and cash equivalents at the beginning of the year	**1,250,378**	**952,759**	**1,294,607**	**15,038**
Ⅶ Decrease in cash and cash equivalents due to the exclusion of subsidiaries from consolidation	**—**	**—**	**(3,511)**	**—**
Ⅷ Cash and cash equivalents at the end of the year	**¥ 736,931**	**¥ 1,250,378**	**¥ 952,759**	**$ 8,863**

The accompanying notes are an integral part of the consolidated financial statements.

4. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2011**	**2010**	**2009**	**2011**
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 10)**:**				
Beginning balance	¥ 250,000	¥ 200,000	¥ 200,000	$ 3,007
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Net change	—	50,000	—	—
Ending balance	250,000	250,000	200,000	3,007
Reserve for redemption of foundation funds (Note 10)**:**				
Beginning balance	800,000	750,000	700,000	9,621
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	601
Net change	50,000	50,000	50,000	601
Ending balance	850,000	800,000	750,000	10,222
Reserve for revaluation:				
Beginning balance	651	651	651	8
Increase/decrease	—	—	—	—
Net change	—	—	—	—
Ending balance	651	651	651	8
Consolidated surplus:				
Beginning balance	409,964	349,344	473,978	4,930
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 8)	(199,189)	(130,634)	(226,284)	(2,396)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	225,319	243,663	152,093	2,710
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change	(29,516)	60,620	(124,634)	(355)
Ending balance	380,448	409,964	349,344	4,575
Total foundation funds and others:				
Beginning balance	1,460,616	1,299,995	1,374,629	17,566
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Additions to reserve for dividends to policyholders	(199,189)	(130,634)	(226,284)	(2,396)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	225,319	243,663	152,093	2,710
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change	20,483	160,620	(74,634)	246
Ending balance	1,481,099	1,460,616	1,299,995	17,812

		Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	**2011**	**2010**	**2009**	**2011**
Accumulated other comprehensive income:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	¥ 1,178,311	¥ 253,693	¥ 2,301,439	$14,171
Increase/decrease:				
Net change, excluding foundation funds and others	(432,948)	924,617	(2,047,746)	(5,207)
Net change	(432,948)	924,617	(2,047,746)	(5,207)
Ending balance	745,362	1,178,311	253,693	8,964
Deferred (losses) gains on derivatives under hedge accounting:				
Beginning balance	(602)	6	155	(7)
Increase/decrease:				
Net change, excluding foundation funds and others	7,435	(608)	(149)	89
Net change	7,435	(608)	(149)	89
Ending balance	6,832	(602)	6	82
Land revaluation differences:				
Beginning balance	(91,111)	(91,006)	(88,938)	(1,096)
Increase/decrease:				
Net change, excluding foundation funds and others	1,126	(104)	(2,067)	14
Net change	1,126	(104)	(2,067)	14
Ending balance	(89,985)	(91,111)	(91,006)	(1,082)
Cumulative translation adjustments:				
Beginning balance	(50,640)	(46,148)	(16,157)	(609)
Increase/decrease:				
Net change, excluding foundation funds and others	(16,556)	(4,492)	(29,990)	(199)
Net change	(16,556)	(4,492)	(29,990)	(199)
Ending balance	(67,197)	(50,640)	(46,148)	(808)
Total accumulated other comprehensive income:				
Beginning balance	1,035,956	116,544	2,196,499	12,459
Increase/decrease:				
Net change, excluding foundation funds and others	(440,943)	919,411	(2,079,954)	(5,303)
Net change	(440,943)	919,411	(2,079,954)	(5,303)
Ending balance	595,012	1,035,956	116,544	7,156
Minority interests:				
Beginning balance	11,381	10,203	9,954	137
Increase/decrease:				
Net change, excluding foundation funds and others	13	1,178	249	0
Net change	13	1,178	249	0
Ending balance	11,395	11,381	10,203	137
Total net assets:				
Beginning balance	2,507,953	1,426,743	3,581,082	30,162
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Additions to reserve for dividends to policyholders	(199,189)	(130,634)	(226,284)	(2,396)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	225,319	243,663	152,093	2,710
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change, excluding foundation funds and others	(440,929)	920,590	(2,079,705)	(5,303)
Net change	(420,446)	1,081,210	(2,154,339)	(5,056)
Ending balance	¥2,087,507	¥2,507,953	¥ 1,426,743	$25,105

The accompanying notes are an integral part of the consolidated financial statements.

5. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY "Nippon Life" or the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Japanese Commercial Act and the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidance. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements. Amounts of less than one million have been eliminated. As a result, totals may not add up exactly.

Owing to a revision of the Ordinance for Enforcement of the Insurance Business Act, the methods of presentation in the consolidated balance sheet and the consolidated statement of changes in net assets have been changed from the fiscal year ended March 31, 2011. The main details are as follows:

1) The item that was previously presented as valuations, conversions, and others is presented as accumulated other comprehensive income.
2) The item that was previously presented as total valuations, conversions and others is presented as total accumulated other comprehensive income.

Beginning from the fiscal year ended March 31, 2011, surplus before minority interests is presented as a separate item pursuant to the revision of the Ordinance for Enforcement of the Insurance Business Act.

(2) United States dollar amounts

Nippon Life prepares its consolidated financial statements in Japanese yen. The US dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to US dollars on the basis of ¥83.15=US$1, the effective rate of exchange at the balance sheet date of March 31, 2011. The inclusion of such US dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in US dollars at ¥83.15=US$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

i) *Consolidated subsidiaries*

The consolidated financial statements include the accounts of Nippon Life and its subsidiaries. Consolidated subsidiaries as of March 31, 2011 are listed as follows:

Nissay Computer Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)
Nissay Credit Guarantee Co., Ltd. (Japan)
Nippon Life Insurance Company of America (U.S.A.)
NLI Properties West, Inc. (U.S.A.)
NLI Commercial Mortgage Fund, LLC (U.S.A.)
NLI Commercial Mortgage Fund II, LLC (U.S.A.)

The major subsidiaries excluded from consolidation are Nissay Card Service Co., Ltd., Nissay Business Service Co., Ltd. and the Tokyo Agency of Nippon Life Insurance Co., Ltd.

The respective and aggregate effects of the companies which are excluded from consolidation, on total assets, revenues, net income and surplus for the fiscal year ended March 31, 2011, are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of Nippon Life and its subsidiaries and the result of their operations.

ii) *Affiliates*

Affiliates accounted for under the equity method as of March 31, 2011 are listed below:

The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
Nissay-Greatwall Life Insurance Co., Ltd. (China)

Nissay Dowa General Insurance Co., Ltd. is excluded from the number of affiliates accounted for under the equity method because a decrease in the percentage of holding shares in the fiscal year ended March 31, 2011 resulted in the loss of its status as an affiliate.

The subsidiaries not consolidated, e.g., Nissay Card Service Co., Ltd, Nissay Business Service Co., Ltd. and others, and affiliates other than those listed above, e.g., Bangkok Life Assurance Public Company Limited, are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the fiscal year ended March 31, 2011 are immaterial.

The number of consolidated subsidiaries and affiliates as of March 31, 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Consolidated subsidiaries	10	10	10
Subsidiaries not consolidated but accounted for under the equity method	0	0	0
Affiliates accounted for under the equity method	3	4	4

iii) *The fiscal year end dates of consolidated subsidiaries and affiliates*
The fiscal years of consolidated overseas subsidiaries and affiliates end on December 31. The consolidated financial statements are prepared using data as of the date of preparation, and necessary adjustments are made to reflect important transactions that occurred between the fiscal year end date and the preparation date.

iv) *Amortization of goodwill*
The total amount of goodwill is fully amortized in the year incurred.

(2) Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(3) Securities and hedging activities

Securities of the Parent Company (including items such as deposits and monetary receivables purchased treated as securities based on "Accounting Standards for Financial Instruments" (The Accounting Standard Board of Japan (ASBJ) Statement No.10) and securities within assets held in trust) are valued as follows:

i) Trading securities are stated at market value on the balance sheet date. Moving average method is used for calculating cost of sales.

ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).

iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates of non-consolidated or non-equity method entities (stocks issued by subsidiaries prescribed in Article 2 paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2 paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2 paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving average method.

v) Available-for-sale securities

1) For securities with a market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Other securities with a market value are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

2) For securities whose market value is extremely difficult to determine, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is due to an interest rate adjustment, are valued using the moving average method, net of accumulated amortization (straight-line). The others are valued at the gross moving average amount.

Adjustments to market value, net of applicable taxes, are recorded in a separate component of net assets.

Hedge accounting of the Parent Company is applied based on the following method.

1) The Parent Company applies fair value hedge accounting and deferred hedge accounting for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Parent Company also applies the special treatment prescribed under the Accounting Standards for Financial Instruments for interest swap agreements used to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, the Parent Company matches foreign exchange forward contracts and currency swaps with certain financial assets denominated in foreign currencies.

2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Parent Company's internal risk management policies.

3) Derivative financial instruments utilized for other than hedging purposes are stated at market value.

(4) Policy-reserve-matching bonds

Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

Note that effective from the fiscal year ended March 31, 2011, the specification of subject policy sub-groups has been changed as follows for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There is no effect of this change on the consolidated balance sheet as of March 31, 2011 or the consolidated statement of income for the fiscal year ended March 31, 2011.

1) Regarding policies other than lump-sum payment products and group annuities, policies previously specified and sub-grouped as those with a remaining period of within 30 years have been changed to a sub-group corresponding to all relevant policies.

2) Regarding group annuities other than guaranteed fixed term rate products, policies previously specified and sub-grouped for cash outflows projected within the next 15 years have been changed to a sub-group for cash outflows projected for the entire period.

(5) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).

Available-for-sale securities of the Parent Company, denominated in foreign currencies, exchange rates of which have significantly fluctuated and recovery in which is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

(6) Tangible fixed assets

1) Tangible fixed assets of the Parent Company (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based on the straight-line method.

   Tangible fixed assets of consolidated subsidiaries are depreciated based mainly on the straight-line method.
2) The straight-line method based on lease period is used to calculate the depreciation of lease assets related to trading financial leases where ownership is not transferred.
3) Revaluation of land used for operations of the Parent Company is performed based on the Act on Revaluation of Land. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as deferred tax liabilities for land revaluation within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets section.

Revaluation Date	March 31, 2002
Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

(7) Software

Software, which is included within intangible fixed assets, is depreciated based on the straight-line method.

(8) Leases

Accounting treatment for financial leases other than from the transfer of ownership is based on "Accounting Standards of Lease Transactions" (ASBJ Statement No. 13). For financial leases where the Company and its consolidated subsidiaries is the lessee, and ownership is not transferred and the lease start date is March 31, 2008 or prior, the accounting treatment applied is based on the method related to ordinary lease transactions.

For financial leases where the Company and its consolidated subsidiaries is the lessor, and ownership is not transferred, the Parent Company calculates the sales amount and cost of sales at the time of receiving the lease fee.

(9) Allowance for doubtful accounts

1) An allowance for doubtful accounts of the Parent Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   i) The allowance for loans receivable from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans receivable (as mentioned at 4) below).
   ii) The allowance for loans receivable from borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   iii) The allowance for loans receivable from borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
2) All credits of the Parent Company are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
3) For consolidated subsidiaries, the Parent Company allocates amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
4) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amounts recognized in the consolidated financial statements were ¥3,953 million (US$48 million) (including ¥2,507 million (US$30 million) of credits secured and/or guaranteed), ¥14,732 million (including ¥8,327 million of credits secured and/or guaranteed) and ¥8,243 million (including ¥6,891 million of credits secured and/or guaranteed) as of March 31, 2011, 2010 and 2009, respectively.

(10) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recognized based on the amount estimated to be paid.

(11) Accrued severance indemnities

1) Accrued severance indemnities of the Parent Company are recognized based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments to employees on the balance sheet date.
2) "Partial Amendment to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19) has been applied from the fiscal year ended March 31, 2010. Because it was decided that the same discount rate as previously applied would be used, there was no effect on operating income or surplus before income taxes.

(12) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

(13) Reserve for point cards

From the fiscal year ended March 31, 2011, following the introduction of the points system, a reserve for point cards was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

(14) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies are recognized based on amounts that are estimated to be required in the future for supporting the restructurings of the closely related companies.

(15) Reserve for losses on disaster

In order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets, the estimated amount is recorded as a reserve for losses on disaster.

(16) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(17) Accounting for consumption taxes

Consumption taxes and local consumption taxes of the Parent Company are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of March 31, 2011.

(18) Policy reserves

Policy reserves of the Parent Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized by performing a calculation based on the following methodology:

1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
2) Reserves for other contracts are computed based on the net level premium method.

Since the fiscal year ended March 31, 2007, additional amounts to the policy reserves have been and will be accumulated over 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69 paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result of the adoption of the treatment, the amount of policy reserves accumulated during the fiscal year ended March 31, 2011, 2010 and 2009 were ¥230,037 million (US$2,767 million), ¥207,970 million, and ¥241,261 million, respectively.

(19) Asset retirement obligations

The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18) and the "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21) have been applied from the fiscal year ended March 31, 2011.

As a result, tangible fixed assets and other assets increased by ¥552 million (US$7 million), and ¥1,802 million (US$22 million) was recorded as asset retirement obligations within other liabilities.

Furthermore, operating income decreased by ¥130 million (US$2 million) and surplus before income taxes decreased by ¥1,250 million (US$15 million).

(20) New accounting standards

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10) have been applied from the fiscal year ended March 31, 2011.

3. Financial Instruments

Regarding the asset management of the Parent Company's general accounts (except separate accounts as provided in Article 118 paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company built a portfolio geared towards mid- to long-term investment, and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay insurance claims and benefits in the future, the Company positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Parent Company uses derivative transactions mainly for controlling asset investment risks. Specifically, the Company use interest rate swaps for the Company's interest rate related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency related investments, and hedge accounting is applied with respect to a portion thereof.

Hedge accounting methodologies include fair value hedge accounting and deferred hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge cash flow volatility on certain loans receivable, and designated hedge accounting (*"Furiate-shori"*) for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets, etc. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the hedged items in accordance with the internal risk management policies.

Mainly, securities are exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses incurred when the market value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. These risks are managed according to rules and regulations regarding asset management risks.

To manage market risk, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses for each investment and lending transaction. In addition, the Company regularly report on the status of compliance to the Investment Risk Management Committee, the advisory body of the Management Committee, along with preparation of a system to control risk to acceptable levels when there is a breach of rules. Also, to control market risk in the Company's entire portfolio, the Company uses statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built systems for rigorous examinations involving an Assessment Management Sector independent of the departments handling investment and finance activities. The Company is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns obtained are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

Moreover, the Company calculates the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By considering the results of the Company's policy for managing the Company's credit risk portfolio, the Company keeps risk within an acceptable range:

(1) Balance sheet amounts and market values of major financial instruments and their differences are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
	Balance sheet amount (*1)	Market value (*2)	Difference	Balance sheet amount (*1)	Market value (*2)	Difference	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	¥ 423,495	¥ 423,495	¥ —	¥ 369,994	¥ 369,994	¥ —	$ 5,093	$ 5,093	$ —
Available-for-sale securities	423,495	423,495	—	369,994	369,994	—	5,093	5,093	—
Monetary receivables purchased	1,021,145	1,055,755	34,610	1,152,229	1,162,774	10,545	12,281	12,697	416
Policy-reserve-matching bonds	986,555	1,021,165	34,610	1,055,131	1,065,677	10,545	11,865	12,281	416
Available-for-sale securities	34,589	34,589	—	97,097	97,097	—	416	416	—
Assets held in trust	—	—	—	10,670	10,670	—	—	—	—
Trading securities	—	—	—	10,670	10,670	—	—	—	—
Securities	34,391,805	35,074,900	683,095	33,622,413	34,151,995	529,582	413,612	421,827	8,215
Trading securities	1,182,649	1,182,649	—	1,343,425	1,343,425	—	14,223	14,223	—
Held-to-maturity debt securities	43,136	43,529	392	44,860	45,221	360	519	523	5
Policy-reserve-matching bonds	16,428,921	17,085,273	656,352	15,780,403	16,304,899	524,496	197,582	205,475	7,894
Investments in subsidiaries and affiliates	7,711	34,062	26,351	81,446	86,172	4,725	93	410	317
Available-for-sale securities	16,729,385	16,729,385	—	16,372,276	16,372,276	—	201,195	201,195	—
Loans receivable (*3)	8,645,321	8,877,642	232,320	8,680,081	8,861,414	181,332	103,973	106,767	2,794
Policy loans	965,614	965,614	—	1,025,475	1,025,475	—	11,613	11,613	—
Industrial and consumer loans	7,679,707	7,912,027	232,320	7,654,606	7,835,939	181,332	92,360	95,154	2,794
Derivative financial instruments (*4)	(81,099)	(81,099)	—	(101,963)	(101,963)	—	(975)	(975)	—
Hedge accounting not applied	102	102	—	(649)	(649)	—	1	1	—
Hedge accounting applied	(81,201)	(81,201)	—	(101,313)	(101,313)	—	(977)	(977)	—
Cash received as collateral under securities lending contracts (*5)	¥ (1,297,252)	¥ (1,297,252)	¥ —	¥ (1,025,057)	¥ (1,025,057)	¥ —	$ (15,601)	$ (15,601)	$ —

*(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.*
*(*2) For securities for which impairment losses were recognized in the current fiscal year, the market value is the balance sheet amount after the impairment loss is deducted.*
*(*3) The market values of derivative financial instruments, including interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori"), are included in the market values of loans receivable because they are accounted for as an integral part of loans receivable which are hedged items.*
*(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.*
*(*5) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in brackets.*

(2) Market value measurement methods for the Parent Company's major financial instruments are as follows:

1) Securities, deposits and monetary receivables purchased are treated as securities based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with a market price

Market value is measured based on the closing market price on the balance sheet date. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans receivable

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, and expected reimbursement period and interest rate requirements, etc. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value, because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Parent Company using Telegraphic Transfer Middle rate (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates, etc.

4) Assets held in trust

Market value is measured based on the price rationally calculated by the trustee of assets held in trust, pursuant to 1) and 3) above.

5) Cash received as collateral under securities lending contracts

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table (1).

Balance sheet amounts by holding purpose were ¥57,320 million (US$689 million) and ¥54,955 million for stocks of subsidiaries and affiliates, and ¥1,160,417 million (US$13,956 million) and ¥1,233,647 million for available-for-sale securities as of March 31, 2011 and 2010, respectively.

(4) Matters regarding securities, etc. by holding purpose are as follows:

1) Trading securities

Trading securities included securities in the separate accounts as of March 31, 2011, and securities managed as trust assets in money held in trust and securities in the separate accounts as of March 31, 2010.

Valuation differences included in the current period income were losses of ¥32,320 million (US$389 million) for securities related to separate accounts for the year ended March 31, 2011.

Valuation differences included in the previous period income were losses of ¥2,479 million for money held in trust and losses of ¥9,996 million for securities related to separate accounts for the year ended March 31, 2010.

Money held in trust included derivative financial instruments held in the trust as of March 31, 2010.

2) Held-to-maturity debt securities

Balance sheet amounts, market values and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount									
Domestic bonds	¥29,128	¥29,418	¥290	¥36,172	¥36,687	¥ 514	$350	$354	$3
Foreign securities	7,194	7,356	161	4,669	4,767	97	87	88	2
Subtotal	36,323	36,774	451	40,842	41,454	611	437	442	5
Market value does not exceed the balance sheet amount									
Domestic bonds	5,033	4,986	(46)	2,021	2,018	(2)	61	60	(1)
Foreign securities	1,779	1,767	(12)	1,997	1,748	(248)	21	21	(0)
Subtotal	6,813	6,754	(58)	4,018	3,767	(251)	82	81	(1)
Total	¥43,136	¥43,529	¥392	¥44,860	¥45,221	¥ 360	$519	$523	$5

3) Policy-reserve-matching bonds

Balance sheet amounts, market values and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount									
Monetary receivables purchased	¥ 898,628	¥ 934,471	¥ 35,842	¥ 795,158	¥ 809,991	¥ 14,833	$ 10,807	$ 11,238	$ 431
Domestic bonds	14,690,166	15,371,394	681,228	14,092,476	14,642,231	549,755	176,671	184,863	8,193
Foreign securities	80,912	83,598	2,685	37,850	38,957	1,106	973	1,005	32
Subtotal	15,669,707	16,389,465	719,757	14,925,486	15,491,180	565,694	188,451	197,107	8,656
Market value does not exceed the balance sheet amount									
Monetary receivables purchased	87,926	86,693	(1,232)	259,973	255,685	(4,287)	1,057	1,043	(15)
Domestic bonds	1,651,047	1,623,521	(27,525)	1,595,851	1,571,991	(23,860)	19,856	19,525	(331)
Foreign securities	6,795	6,758	(36)	54,224	51,719	(2,504)	82	81	(0)
Subtotal	1,745,768	1,716,974	(28,794)	1,910,049	1,879,396	(30,653)	20,995	20,649	(346)
Total	¥17,415,476	¥18,106,439	¥690,962	¥16,835,535	¥17,370,576	¥535,041	$209,446	$217,756	$8,310

4) Available-for-sale securities

Acquisition cost or amortized cost and balance sheet amounts and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost									
Cash and deposits (negotiable certificates of deposit)	¥ 10,000	¥ 10,000	¥ 0	¥ 15,000	¥ 15,000	¥ 0	$ 120	$ 120	$ 0
Monetary receivables purchased	4,283	4,776	492	4,968	5,299	330	52	57	6
Domestic bonds	1,164,003	1,202,049	38,046	1,144,171	1,179,679	35,508	13,999	14,456	458
Domestic stocks	3,148,031	4,688,174	1,540,143	3,678,202	5,581,643	1,903,440	37,860	56,382	18,522
Foreign securities	4,021,520	4,264,626	243,106	4,914,184	5,175,585	261,400	48,365	51,288	2,924
Other securities	214,528	222,442	7,914	179,281	188,518	9,237	2,580	2,675	95
Subtotal	8,562,366	10,392,069	1,829,702	9,935,808	12,145,725	2,209,916	102,975	124,980	22,005
Balance sheet amount does not exceed acquisition cost or amortized cost									
Cash and deposits (negotiable certificates of deposit)	413,500	413,495	(4)	355,500	355,494	(5)	4,973	4,973	(0)
Monetary receivables purchased	29,843	29,813	(30)	92,359	91,798	(561)	359	359	(0)
Domestic bonds	289,592	286,039	(3,553)	521,534	520,958	(575)	3,483	3,440	(43)
Domestic stocks	1,570,642	1,218,335	(352,306)	1,089,525	858,505	(231,019)	18,889	14,652	(4,237)
Foreign securities	5,007,772	4,756,572	(251,200)	2,860,434	2,749,976	(110,458)	60,226	57,205	(3,021)
Other securities	115,617	91,145	(24,472)	141,975	116,910	(25,065)	1,390	1,096	(294)
Subtotal	7,426,969	6,795,402	(631,566)	5,061,329	4,693,643	(367,686)	89,320	81,725	(7,596)
Total	¥15,989,335	¥17,187,471	¥1,198,135	¥14,997,138	¥16,839,368	¥1,842,230	$192,295	$206,704	$14,409

** The items ¥1,160,417 million (US$13,956 million) and ¥1,233,647 million, whose market values are extremely difficult to determine, as of March 31, 2011 and 2010, respectively, are not included.*

During the current fiscal year, ¥118,932 million (US$1,430 million) in impairment losses were recognized for items with market value.

Regarding stocks (including foreign stocks) of the Parent Company with market value, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the final day of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the final day of the fiscal year is substantial, impairment losses are recognized based on the market value on the final day of the fiscal year.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:
   1. Average market value in the month preceding the final day of the fiscal year is over 50% and 70% or less of its acquisition cost.
   2. The historical market value, the business condition of its issuing company and other aspects are subject to certain requirements.

5) Because some issues of monetary receivables purchased no longer meet the requirements for policy-reserve-matching bonds provided in "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within the Insurance Industry" (JICPA Industry Audit Committee Report No. 21), they were replaced with available-for-sale securities as of March 31, 2010. Year-end valuation based on the aforementioned change resulted in decreases of ¥122 million in monetary receivables purchased and ¥78 million in securities valuation difference, and an increase of ¥44 million in deferred tax assets as of March 31, 2010.

There was no effect on operating income or surplus before income taxes for the year ended March 31, 2010.

6) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2011	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit)	¥ 423,500	¥ —	¥ —	¥ —	$ 5,093	$ —	$ —	$ —
Available-for-sale securities	423,500	—	—	—	5,093	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141	555	297	487	10,934
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304	218	233	475	10,924
Available-for-sale securities	28,000	5,377	999	837	337	65	12	10
Securities	877,326	3,125,378	6,061,760	16,505,466	10,551	37,587	72,902	198,502
Held-to-maturity debt securities	9,313	32,646	829	—	112	393	10	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619	8,666	22,039	41,527	124,481
Available-for-sale securities	147,407	1,260,165	2,607,976	6,154,846	1,773	15,155	31,365	74,021
Loans receivable	1,081,478	3,122,473	2,246,670	1,226,417	13,006	37,552	27,019	14,749
Cash received as collateral under securities lending contracts	1,297,252	—	—	—	15,601	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥25,720 million (US$309 million) in loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

4. Disclosures about Market Value of Investment and Rental Property

The balance sheet amounts for investment and rental properties were ¥1,178,321 million (US$14,171 million) and ¥1,202,151 million, with a market value of ¥1,211,351 million (US$14,568 million) and ¥1,261,479 million as of March 31, 2011 and 2010, respectively.

The Parent Company and certain subsidiary companies own rental office buildings and commercial facilities the market value of which at fiscal year end is the amount measured based mainly on the "Real Estate Appraisal Standards".

The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥461 million (US$6 million) as of March 31, 2011.

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreement were ¥2,541,150 million (US$30,561 million), ¥1,865,306 million and ¥1,411,639 million as of March 31, 2011, 2010 and 2009, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreement. These assets were being held without disposal totaling ¥1,173,504 million (US$14,113 million) and ¥595,913 million at market value as of March 31, 2011 and 2010, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,154,920 million (US$13,890 million), ¥1,124,281 million and ¥1,112,067 million as of March 31, 2011, 2010 and 2009, respectively.

7. Separate Accounts

Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,311,321 million (US$15,771 million), ¥1,449,753 million and ¥1,371,549 million as of March 31, 2011, 2010 and 2009, respectively, and are presented within the asset accounts with a corresponding liability recorded for the same amount.

8. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Balance at the end of the previous fiscal year	¥1,150,140	¥1,215,391	¥1,233,268	$13,832
Transfer to reserve from surplus in the previous fiscal year	199,189	130,634	226,284	2,396
Dividends to policyholders paid out during the fiscal year	(234,228)	(227,044)	(277,367)	(2,817)
Increase in interest	29,228	31,160	33,206	352
Balance at the end of the fiscal year	¥1,144,330	¥1,150,140	¥1,215,391	$13,762

9. Accrued Severance Indemnities

Accrued severance indemnities as of March 31, 2011, 2010 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Retirement benefit obligations	¥(712,494)	¥(773,186)	¥(777,951)	$(8,569)
Pension plan assets	273,962	285,021	271,666	3,295
Accrued retirement benefit costs	(438,532)	(488,164)	(506,284)	(5,274)
Unrecognized actuarial differences	19,324	35,007	72,341	232
Unrecognized prior service cost	(23,428)	—	(6,861)	(282)
Accrued severance indemnities	¥(442,637)	¥(453,157)	¥(440,804)	$(5,323)

Basic information for the calculation of accrued severance indemnities is as follows:

Periodical allocation method of estimated retirement benefits	Straight-line
Discount rate	1.6%
Expected rate of return on plan assets	2.5%
Method of amortizing actuarial differences	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees one year after the accrual of liabilities.
Method of amortizing prior service costs	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees upon accrual of liabilities.

In March 2011, the Parent Company made revisions to the retirement benefit system for in-house employees, etc., such as the expansion of the scope of the defined contribution retirement pension plan and the reduction of the payment period for the retirement pension plan. As a result of the reduction in retirement benefit obligations accompanying these revisions, a negative figure of ¥23,825 million (US$287 million) in unrecognized prior service costs arose. Additionally, the abolishment of a portion of the retirement benefit system resulted in the recording of ¥2,677 million (US$32 million) in losses as extraordinary losses.

Benefit costs of accrued severance indemnities for the fiscal year ended March 31, 2011, 2010 and 2009 were analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Service cost	¥27,246	¥26,338	¥26,635	$328
Interest cost	12,349	12,428	12,611	149
Expected return on plan assets	(7,115)	(6,781)	(7,538)	(86)
Amortization of actuarial differences	17,242	25,729	17,790	207
Amortization of prior service cost	(397)	(6,861)	(7,548)	(5)
Losses from abolishment of a portion of the retirement benefit system	2,677	—	—	32
Others	2,019	1,893	1,900	24
Net periodic benefit costs	¥54,022	¥52,747	¥43,850	$650

10. Foundation Funds

The Company redeemed ¥50,000 million (US$601 million) of foundation funds and credited the same amount to reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act for the fiscal year ended March 31, 2011, 2010 and 2009. ¥50,000 million (US$601 million) of foundation funds were offered according to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2011. ¥100,000 million and ¥50,000 million of foundation funds were offered according to Article 60 of the Insurance Business Act during the fiscal year ended March 31, 2010 and 2009, respectively.

In addition, a resolution was made at the meeting of the Board of Directors on May 24, 2011, to make a proposal to the Meeting of Representatives to be held on July 5, 2011 to change part of the Articles of Incorporation to allow an offering of ¥100,000 million (US$1,203 million) of foundation funds during the fiscal year ending March 31, 2012.

11. Pledged Assets

Assets pledged as collateral by securities, leases, land, and buildings as of March 31, 2011 were ¥1,351,346 million (US$16,252 million), ¥8,204 million (US$99 million), ¥2,952 million (US$36 million), and ¥293 million (US$4 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,309,029 million (US$15,743 million) as of March 31, 2011.

These amounts included ¥1,281,496 million (US$15,412 million) of securities deposited and ¥1,301,029 million (US$15,647 million) of cash received as collateral, under the securities lending contracts secured by cash as of March 31, 2011.

Assets pledged as collateral by securities, leases, land and buildings as of March 31, 2010 were ¥1,072,156 million, ¥16,855 million, ¥2,952 million and ¥308 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,052,759 million as of March 31, 2010.

These amounts included ¥1,039,219 million of securities deposited and ¥1,036,250 million of cash received as collateral, under the securities lending contracts secured by cash as of March 31, 2010.

Assets pledged as collateral by securities, leases, land and buildings as of March 31, 2009 were ¥606,018 million, ¥34,044 million, ¥2,952 million and ¥325 million, respectively. The total amount of loans covered by the aforementioned assets was ¥502,733 million as of March 31, 2009.

These amounts included ¥531,740 million of securities deposited and ¥470,591 million of cash received as collateral, under the securities lending contracts secured by cash as of March 31, 2009.

12. Investments in Non-Consolidated Subsidiaries

The total amount of stock and investments in non-consolidated subsidiaries and affiliates were ¥65,031 million (US$782 million), ¥136,401 million and ¥119,721 million as of March 31, 2011, 2010 and 2009, respectively.

On March 14, 2011, the Company agreed to acquire 26% of the shares of Reliance Life Insurance Company Limited, which is an affiliate of the Reliance Anil Dhirubhai Ambani Group.

Nissay Dowa General Insurance Co., Ltd., an affiliate, effected a stock swap with MS&AD Insurance Group Holdings, Inc. following its business integration with Aioi Insurance Co., Ltd. and Mitsui Sumitomo Insurance Group Holdings, Inc. on April 1, 2010. This stock swap resulted in the recording of ¥2,415 million (US$29 million) in loss on sales of securities for the fiscal year ended March 31, 2011.

13. Loans Receivable

1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans receivable, was ¥51,078 million (US$614 million), ¥52,700 million and ¥53,081 million as of March 31, 2011, 2010 and 2009, respectively.

   i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,138 million (US$38 million) and ¥36,640 million (US$441 million) as of March 31, 2011, ¥3,250 million and ¥38,915 million as of March 31, 2010 and ¥3,456 million and ¥39,945 million as of March 2009.

   Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are long overdue or for other reasons.

   Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

   ii) There were no loans delinquent for over three months as of March 31, 2011, 2010 and 2009, respectively.

   Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

   iii) The balance of restructured loans was ¥11,298 million (US$136 million), ¥10,534 million and ¥9,680 million as of March 31, 2011, 2010 and 2009, respectively.

   Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

2) Direct write-offs of loans receivable decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥1,180 million (US$14 million) and ¥2,772 million (US$33 million) as of March 31, 2011, ¥11,008 million and ¥3,723 million as of March 31, 2010 and ¥6,099 million and ¥2,143 million as of March 31, 2009.

14. Loan Commitments

The amount of commitments related to loans receivable and loans outstanding was ¥92,666 million (US$1,114 million), ¥96,680 million and ¥90,990 million as of March 31, 2011, 2010 and 2009, respectively.

15. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Parent Company were estimated to be ¥85,971 million (US$1,034 million), ¥86,842 million and ¥90,467 million as of March 31, 2011, 2010 and 2009, respectively. The contribution amounts were recorded within operating expenses for the fiscal year.

16. Impairment Losses of Assets

i) Method for grouping the assets

Leased property and idle property are classified as one asset group per structure. Assets utilized for insurance business operations are classified into one asset group.

ii) Circumstances causing impairment losses

The Company observed a marked decrease of profitability or market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

iii) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2011

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 935	¥214	¥1,571	¥ 2,722
Idle property	3,507	—	5,526	9,033
Total	¥4,443	¥214	¥7,097	¥11,756

For the year ended March 31, 2010

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,954	—	¥ 584	¥2,539
Idle property	3,173	—	937	4,111
Total	¥5,128	—	¥1,522	¥6,650

For the year ended March 31, 2009

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 330	¥423	¥ 30	¥ 785
Idle property	3,607	—	1,585	5,192
Total	¥3,937	¥423	¥1,616	¥5,977

For the year ended March 31, 2011

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$11	$ 3	$19	$ 33
Idle property	42	—	66	109
Total	$53	$ 3	$85	$141

iv) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the "Real Estate Appraisal Standards" or posted land prices.

17. Deferred Tax Assets and Liabilities

1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Deferred tax assets	¥1,317,105	¥1,204,069	¥1,223,549	$15,840
Valuation allowance for deferred tax assets	(77,409)	(57,395)	(66,575)	(931)
	1,239,696	1,146,674	1,156,974	14,909
Deferred tax liabilities	(489,190)	(706,808)	(212,548)	(5,883)
Net deferred tax assets/(liabilities)	¥ 750,506	¥ 439,866	¥ 944,425	$ 9,026

The major components causing deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Deferred tax assets:				
Policy reserves	¥858,059	¥786,731	¥700,903	$10,319
Reserve for price fluctuations in investments in securities	125,285	143,737	134,330	1,507
Accrued severance indemnities	159,970	163,740	159,247	1,924
Allowance for doubtful accounts	10,995	13,941	10,759	132
Deferred tax liabilities:				
Net unrealized gain on securities	¥442,434	¥662,165	¥172,181	$5,321

2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2011, 2010 and 2009. The main factors in the difference between the statutory tax rate and the effective income tax rate were as follows:

	2011	2010	2009
Reserve for dividends to policyholders	(25.0)%	(28.5)%	(22.9)%
Loss on valuation of securities	—	—	5.7
Dividends received from controlled foreign corporation	—	—	3.7

18. Other Extraordinary Losses

Other extraordinary losses include ¥2,677 million (US$32 million) of losses from the abolishment of a portion of the retirement benefit system of the Parent Company associated with revisions in the retirement benefit system for in-house employees, etc.

Supplementary Note

In accordance with Article 110, Item 2 of the Japanese Insurance Business Act, Nippon Life Insurance Company's consolidated balance sheets as of March 31, 2011, 2010 and 2009, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended ("consolidated financial statements"), all expressed in Japanese yen, were audited by Deloitte Touche Tohmatsu.

Nippon Life Insurance Company, by its own judgment, has made certain reclassification and modifications to those audited consolidated financial statements referred to above to facilitate and enhance the readers' understanding of the financial information, and included them in this publication.

In addition, Nippon Life Insurance Company has translated Japanese yen amounts into U.S. dollar amounts solely for the convenience of readers outside Japan.

6. Non-Consolidated Balance Sheets

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2011**	**2010**	**2009**	**2011**
ASSETS:				
Cash and deposits (Note 3)**:**	**¥ 644,654**	**¥ 579,855**	**¥ 558,365**	**$ 7,753**
Cash	872	2,150	2,535	10
Deposits	643,782	577,705	555,829	7,742
Call loans	**119,800**	**146,100**	**203,800**	**1,441**
Receivables under securities borrowing transactions	**392,526**	**151,689**	**—**	**4,721**
Monetary receivables purchased (Note 3)	**1,021,145**	**1,152,229**	**1,160,387**	**12,281**
Assets held in trust (Note 3)	**—**	**10,670**	**114,637**	**—**
Investments in securities (Notes 3, 5, 13 and 14)**:**				
National government bonds	13,360,956	12,490,745	12,170,897	160,685
Local government bonds	1,667,879	1,775,404	1,608,674	20,059
Corporate bonds	3,228,114	3,573,079	3,575,038	38,823
Domestic stocks	6,497,618	7,214,491	5,855,101	78,143
Foreign securities	10,452,770	9,421,573	7,688,044	125,710
Other securities	467,406	474,099	437,126	5,621
	35,674,745	**34,949,393**	**31,334,883**	**429,041**
Loans receivable (Notes 3, 15 and 16)**:**				
Policy loans	965,794	1,025,658	1,087,489	11,615
Industrial and consumer loans	7,777,595	7,745,149	8,045,943	93,537
	8,743,389	**8,770,808**	**9,133,432**	**105,152**
Tangible fixed assets (Notes 4, 6, 13 and 21)**:**				
Land	1,202,499	1,208,797	1,083,993	14,462
Buildings	523,417	534,557	545,803	6,295
Leases	4,652	2,917	160	56
Construction in progress	23,014	26,238	21,484	277
Other tangible fixed assets	13,659	16,404	20,656	164
	1,767,242	**1,788,915**	**1,672,097**	**21,254**
Intangible fixed assets:				
Software	72,718	74,367	67,409	875
Other intangible fixed assets	124,064	110,940	102,306	1,492
	196,783	**185,307**	**169,716**	**2,367**
Reinsurance receivables	**319**	**300**	**275**	**4**
Other assets:				
Accounts receivable	184,386	171,633	214,739	2,218
Prepaid expenses	10,079	9,075	8,895	121
Accrued revenue	222,000	217,189	213,170	2,670
Money on deposit	40,926	42,639	44,007	492
Deposits for futures transactions	5,153	338	326	62
Variation margins of futures markets	923	—	—	11
Derivative financial instruments	29,747	39,251	32,532	358
Suspense	11,165	23,329	23,557	134
Other assets	21,531	21,030	21,669	259
	525,916	**524,486**	**558,898**	**6,325**
Deferred tax assets (Note 22)	**742,040**	**435,027**	**926,890**	**8,924**
Customers' liability for acceptances and guarantees	**21,038**	**14,667**	**13,668**	**253**
Allowance for doubtful accounts	**(23,484)**	**(24,606)**	**(21,178)**	**(282)**
Total assets	**¥49,826,117**	**¥48,684,846**	**¥45,825,874**	**$599,232**

The accompanying notes are an integral part of the non-consolidated financial statements.

As of March 31	Millions of Yen 2011	2010	2009	Millions of U.S. Dollars 2011
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 248,568	¥ 222,724	¥ 222,094	$ 2,989
Policy reserves (Notes 17 and 20)	43,106,896	42,014,375	40,880,121	518,423
Reserve for dividends to policyholders (Note 9)	1,144,330	1,150,140	1,215,391	13,762
	44,499,795	**43,387,241**	**42,317,607**	**535,175**
Reinsurance payables	**326**	**326**	**340**	**4**
Other liabilities:				
Cash received as collateral under securities lending contracts	1,297,252	1,025,057	450,495	15,601
Loans payable	41	52	67	0
Income taxes payable	102,181	—	—	1,229
Accounts payable	383,514	279,758	186,201	4,612
Accrued expenses	60,365	56,821	57,947	726
Deferred income	21,538	22,900	23,193	259
Deposits received	101,450	100,744	99,882	1,220
Guarantee deposits received	91,005	97,222	100,496	1,094
Variation margins of futures markets	2	1,051	2,005	0
Derivative financial instruments	110,847	141,214	131,762	1,333
Lease obligations	4,974	2,302	116	60
Asset retirement obligations	1,802	—	—	22
Suspense receipts	13,230	10,288	8,678	159
Other liabilities	36,242	11,192	20,095	436
	2,224,448	**1,748,605**	**1,080,942**	**26,752**
Accrued bonuses for directors and corporate auditors	**57**	**56**	**71**	**1**
Accrued severance indemnities (Note 11)	**440,503**	**451,091**	**438,948**	**5,298**
Accrued retirement benefits for directors and corporate auditors	**5,118**	**5,929**	**5,968**	**62**
Reserve for point cards	**4,652**	**—**	**—**	**56**
Accrued losses from supporting closely related companies	**424**	**453**	**485**	**5**
Reserve for losses on disaster	**1,826**	**—**	**—**	**22**
Reserve for price fluctuations in investments in securities	**347,003**	**398,011**	**372,013**	**4,173**
Deferred tax liabilities for land revaluation	**171,952**	**174,013**	**176,020**	**2,068**
Acceptances and guarantees	**21,038**	**14,667**	**13,668**	**253**
Total liabilities	**47,717,146**	**46,180,396**	**44,406,066**	**573,868**
NET ASSETS:				
Foundation funds (Note 12)	**250,000**	**250,000**	**200,000**	**3,007**
Reserve for redemption of foundation funds (Note 12)	**850,000**	**800,000**	**750,000**	**10,222**
Reserve for revaluation	**651**	**651**	**651**	**8**
Surplus:				
Legal reserve for deficiencies	11,193	10,425	9,867	135
Voluntary surplus reserves:	335,242	359,064	290,653	4,032
Contingency reserve	71,917	71,917	71,917	865
Reserve for assisting social public welfare	190	167	1,244	2
Reserve for condensed booking of fixed assets for tax purposes	31,701	32,140	32,281	381
Other reserves	170	170	170	2
Unappropriated surplus	231,264	254,669	185,040	2,781
Total surplus	**346,435**	**369,489**	**300,520**	**4,166**
Total equity	**1,447,086**	**1,420,140**	**1,251,171**	**17,403**
Net unrealized gains on available-for-sale securities, net of tax	**745,036**	**1,176,023**	**259,636**	**8,960**
Deferred gains (losses) on derivatives under hedge accounting	**6,832**	**(602)**	**6**	**82**
Land revaluation differences	**(89,985)**	**(91,111)**	**(91,006)**	**(1,082)**
Total valuations, conversions and others	**661,884**	**1,084,309**	**168,636**	**7,960**
Total net assets	**2,108,971**	**2,504,449**	**1,419,807**	**25,363**
Total liabilities and net assets	**¥49,826,117**	**¥48,684,846**	**¥45,825,874**	**$599,232**

The accompanying notes are an integral part of the non-consolidated financial statements.

7. Non-Consolidated Statements of Income

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen 2011	2010	2009	Millions of U.S. Dollars 2011
REVENUES:				
Income from insurance and reinsurance premiums:				
Insurance premiums	¥4,895,562	¥4,816,612	¥5,035,543	$58,876
Reinsurance premiums	851	867	1,230	10
	4,896,413	**4,817,479**	**5,036,774**	**58,887**
Investment income (Note 19)**:**				
Interest, dividends and other income:	1,204,606	1,119,518	1,148,493	14,487
Interest on deposits and savings	314	510	1,799	4
Interest/dividends on securities	899,194	797,883	813,411	10,814
Interest on loans receivable	187,415	194,283	198,865	2,254
Rent on real estate	92,155	100,067	103,454	1,108
Other interest/dividends	25,526	26,773	30,961	307
Gain from assets held in trust, net	—	27,911	—	—
Gain on sales of securities	330,845	185,497	88,609	3,979
Gain from redemption of securities	2,120	1,226	5,047	25
Gain from derivative financial instruments, net	—	19,659	—	—
Other investment income	826	1,189	4,927	10
Gain from separate accounts, net	—	200,158	—	—
	1,538,398	**1,555,160**	**1,247,078**	**18,501**
Other revenues:				
Income from annuity riders	12,842	8,308	8,619	154
Income from deferred benefits	178,293	193,839	279,850	2,144
Reversal of policy reserves for outstanding claims	—	—	14,863	—
Other revenues	20,903	19,837	17,875	251
	212,039	**221,985**	**321,208**	**2,550**
Total revenues	**6,646,851**	**6,594,626**	**6,605,061**	**79,938**
EXPENDITURES:				
Insurance claims and other payments:				
Death and other claims	1,135,052	1,173,840	1,313,660	13,651
Annuity payments	568,489	540,285	506,864	6,837
Health and other benefits	830,497	863,421	832,280	9,988
Surrender benefits	1,014,833	1,059,647	1,102,075	12,205
Other refunds	262,853	244,455	280,608	3,161
Reinsurance premiums	1,296	1,330	1,339	16
	3,813,023	**3,882,981**	**4,036,829**	**45,857**
Provision for policy reserves:				
Provision for claim reserves	25,843	630	—	311
Provision for policy reserves	1,092,521	1,134,253	140,524	13,139
Interest on reserve for dividends to policyholders	29,228	31,160	33,206	352
	1,147,592	**1,166,043**	**173,731**	**13,801**
Investment expenses (Note 19)**:**				
Interest expense	2,839	2,137	3,315	34
Loss on proprietary trading securities	—	—	0	—
Loss from assets held in trust, net	605	—	55,871	7
Loss on sales of securities	253,082	123,658	119,523	3,044
Loss on valuation of securities	140,243	81,808	527,986	1,687
Loss from redemption of securities	16,191	12,580	6,240	195
Loss from derivative financial instruments, net	27,178	—	113,319	327
Foreign exchange loss, net	7,619	12,876	15,934	92
Provision for doubtful accounts	—	13,377	—	—
Write-off of loans	0	153	2	0
Depreciation of rental real estate and other assets	26,045	26,405	27,160	313
Other investment expenses	27,296	23,079	23,261	328
Loss from separate accounts, net	34,818	—	353,329	419
	535,921	**296,078**	**1,245,945**	**6,445**
Operating expenses (Note 18)	**573,889**	**573,633**	**563,271**	**6,902**
Other expenditures:				
Deferred benefit payments	237,165	276,138	367,581	2,852
Tax	34,972	35,562	36,536	421
Depreciation	48,035	44,094	42,858	578
Provision for accrued severance indemnities	9,469	12,142	5,177	114
Other expenditures	15,687	14,436	13,917	189
	345,329	**382,374**	**466,070**	**4,153**
Total expenditures	**6,415,755**	**6,301,112**	**6,485,848**	**77,159**
Operating income	**¥ 231,096**	**¥ 293,513**	**¥ 119,212**	**$ 2,779**

For the years ended March 31	2011 (Millions of Yen)	2010 (Millions of Yen)	2009 (Millions of Yen)	2011 (Millions of U.S. Dollars)
Extraordinary gains:				
Gain on disposal of fixed assets	¥ 1,588	¥ 1,324	¥ 1,083	$ 19
Reversal of reserve for price fluctuations in investments in securities	51,008	—	115,250	613
Reversal of allowance for doubtful accounts	2,256	—	9,738	27
	54,852	**1,324**	**126,072**	**660**
Extraordinary losses:				
Loss on disposal of fixed assets	6,476	5,057	3,742	78
Impairment losses (Note 21)	11,756	6,650	5,977	141
Provision for reserve for price fluctuations in investments in securities	—	25,998	—	—
Loss on reduction entry of real estate	397	332	256	5
Contributions for assisting social public welfare	1,477	2,577	1,477	18
Provision for reserve for losses on disaster	1,826	—	—	22
Loss on adjustment for changes in accounting standard for asset retirement obligations	1,172	—	—	14
Other extraordinary losses (Note 25)	2,677	—	—	32
	25,782	**40,614**	**11,453**	**310**
Surplus before income taxes	**260,166**	**254,224**	**233,831**	**3,129**
Income taxes (Note 22)**:**				
Current	118,384	1,320	(1,363)	1,424
Deferred	(90,000)	892	53,689	(1,082)
Total	28,383	2,212	52,326	341
Net surplus	**¥231,782**	**¥ 252,011**	**¥ 181,505**	**$ 2,788**

The accompanying notes are an integral part of the non-consolidated financial statements.

8. Non-Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	2011	2010	2009	2011
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 12):				
Beginning balance	¥ 250,000	¥ 200,000	¥ 200,000	$ 3,007
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Net change	—	50,000	—	—
Ending balance	250,000	250,000	200,000	3,007
Reserve for redemption of foundation funds (Note 12):				
Beginning balance	800,000	750,000	700,000	9,621
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	601
Net change	50,000	50,000	50,000	601
Ending balance	850,000	800,000	750,000	10,222
Reserve for revaluation:				
Beginning balance	651	651	651	8
Increase/decrease	—	—	—	—
Net change	—	—	—	—
Ending balance	651	651	651	8
Surplus:				
Legal reserve for deficiencies:				
Beginning balance	10,425	9,867	9,020	125
Increase/decrease:				
Additions to legal reserve for deficiencies	768	558	847	9
Net change	768	558	847	9
Ending balance	11,193	10,425	9,867	135
Voluntary surplus reserves:				
Contingency reserve:				
Beginning balance	71,917	71,917	71,917	865
Increase/decrease				
Net change	—	—	—	—
Ending balance	71,917	71,917	71,917	865
Reserve for assisting social public welfare:				
Beginning balance	167	1,244	1,221	2
Increase/decrease:				
Additions to reserve for assisting social public welfare	1,500	1,500	1,500	18
Reversal of reserve for assisting social public welfare	(1,477)	(2,577)	(1,477)	(18)
Net change	23	(1,077)	23	0
Ending balance	190	167	1,244	2
Reserve for condensed booking of fixed assets for tax purposes:				
Beginning balance	32,140	32,281	32,082	387
Increase/decrease:				
Additions to reserve for condensed booking of fixed assets for tax purposes	590	569	941	7
Reversal of reserve for condensed booking of fixed assets for tax purposes	(1,029)	(710)	(742)	(12)
Net change	(439)	(141)	199	(5)
Ending balance	31,701	32,140	32,281	381
Other reserves:				
Beginning balance	170	170	170	2
Increase/decrease	—	—	—	—
Net change	—	—	—	—
Ending balance	170	170	170	2
Unappropriated surplus:				
Beginning balance	254,669	185,040	281,332	3,063
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 9)	(199,189)	(130,634)	(226,284)	(2,396)
Additions to legal reserve for deficiencies	(768)	(558)	(847)	(9)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	231,782	252,011	181,505	2,788
Additions to reserve for assisting social public welfare	(1,500)	(1,500)	(1,500)	(18)
Reversal of reserve for assisting social public welfare	1,477	2,577	1,477	18
Additions to reserve for condensed booking of fixed assets for tax purposes	(590)	(569)	(941)	(7)
Reversal of reserve for condensed booking of fixed assets for tax purposes	1,029	710	742	12
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change	(23,405)	69,629	(96,291)	(281)
Ending balance	231,264	254,669	185,040	2,781

For the years ended March 31	2011 (Millions of Yen)	2010 (Millions of Yen)	2009 (Millions of Yen)	2011 (Millions of U.S. Dollars)
Total surplus:				
Beginning balance	¥ 369,489	¥ 300,520	¥ 395,742	$ 4,444
Increase/decrease:				
Additions to reserve for dividends to policyholders	(199,189)	(130,634)	(226,284)	(2,396)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	231,782	252,011	181,505	2,788
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change	(23,053)	68,969	(95,222)	(277)
Ending balance	346,435	369,489	300,520	4,166
Total foundation funds and others:				
Beginning balance	1,420,140	1,251,171	1,296,394	17,079
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Additions to reserve for dividends to policyholders	(199,189)	(130,634)	(226,284)	(2,396)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	231,782	252,011	181,505	2,788
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change	26,946	168,969	(45,222)	324
Ending balance	1,447,086	1,420,140	1,251,171	17,403
Valuation, conversion and others:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	1,176,023	259,636	2,276,167	14,143
Increase/decrease:				
Net change, excluding foundation funds and others	(430,986)	916,386	(2,016,530)	(5,183)
Net change	(430,986)	916,386	(2,016,530)	(5,183)
Ending balance	745,036	1,176,023	259,636	8,960
Deferred (losses) gains on derivatives under hedge accounting:				
Beginning balance	(602)	6	155	(7)
Increase/decrease:				
Net change, excluding foundation funds and others	7,435	(608)	(149)	89
Net change	7,435	(608)	(149)	89
Ending balance	6,832	(602)	6	82
Land revaluation differences:				
Beginning balance	(91,111)	(91,006)	(88,938)	(1,096)
Increase/decrease:				
Net change, excluding foundation funds and others	1,126	(104)	(2,067)	14
Net change	1,126	(104)	(2,067)	14
Ending balance	(89,985)	(91,111)	(91,006)	(1,082)
Total valuation, conversions and others:				
Beginning balance	1,084,309	168,636	2,187,384	13,040
Increase/decrease:				
Net change, excluding foundation funds and others	(422,425)	915,672	(2,018,748)	(5,080)
Net change	(422,425)	915,672	(2,018,748)	(5,080)
Ending balance	661,884	1,084,309	168,636	7,960
Total net assets:				
Beginning balance	2,504,449	1,419,807	3,483,778	30,120
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	601
Additions to reserve for dividends to policyholders	(199,189)	(130,634)	(226,284)	(2,396)
Interest on foundation funds	(3,650)	(2,489)	(2,501)	(44)
Net surplus	231,782	252,011	181,505	2,788
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(601)
Reversal of land revaluation differences	(1,995)	80	2,058	(24)
Net change, excluding foundation funds and others	(422,425)	915,672	(2,018,748)	(5,080)
Net change	(395,478)	1,084,641	(2,063,970)	(4,756)
Ending balance	¥2,108,971	¥2,504,449	¥ 1,419,807	$25,363

The accompanying notes are an integral part of the non-consolidated financial statements.

9. Non-Consolidated Statements of Surplus

Nippon Life Insurance Company

For the years ended March 31		Thousands of Yen 2011	Thousands of Yen 2010	Thousands of Yen 2009	Millions of U.S. Dollars 2011
Unappropriated surplus for the current year	(1)	**¥231,264,000**	**¥254,669,357**	**¥185,040,053**	**$2,781,287**
Reversal from voluntary surplus reserves:		**668,543**	**1,029,560**	**710,630**	**8,040**
Reversal of reserve for condensed booking of fixed assets for tax purposes		668,543	1,029,560	710,630	8,040
Total		**¥231,932,543**	**¥255,698,917**	**¥185,750,683**	**2,789,327**
Appropriations:		**¥231,932,543**	**¥255,698,917**	**¥185,750,683**	**2,789,327**
Reserve for dividends to policyholders	(2)	175,513,864	199,189,981	130,634,056	2,110,810
Net surplus		56,418,678	56,508,935	55,116,626	678,517
Additions to legal reserve for deficiencies	(3)	696,000	768,000	558,000	8,370
Additions to reserve for redemption of foundation funds	(4)	50,000,000	50,000,000	50,000,000	601,323
Interest on foundation funds	(5)	3,508,250	3,650,500	2,489,250	42,192
Transfer to voluntary surplus reserves:		2,214,428	2,090,435	2,069,376	26,632
Reserve for assisting social public welfare		1,500,000	1,500,000	1,500,000	18,040
Reserve for condensed booking of fixed assets for tax purposes		714,428	590,435	569,376	8,592
Surplus carried forward		—	—	—	—

Provision of Reserve for Dividends to Policyholders

Of the surplus available for disposition, a minimum ratio (see formula below) for the reserve for dividends to policyholders needs to be established in the Articles of Incorporation.

Nippon Life applies mutatis mutandis Article 30-6 of the Ordinance for Enforcement of Insurance Business Act in the Articles of Incorporation and has established the ratio (20/100) stipulated in said Article 30-6 as the minimum ratio in the Articles of Incorporation. The ratio of provision of the appropriation of surplus in fiscal year ended March 31, 2011 was 99.96%.

[Fiscal year ended March 31, 2011]

$$\frac{\text{Reserve for dividends to policyholders}}{\text{Surplus available for distribution [(1) – (Reversal of reserve for assisting social public welfare of ¥1,400 million + (3) + (4) + (5))]}} \times 100 = 99.96\%$$

5 Financial Data

10. Notes to the Non-Consolidated Financial Statements

Nippon Life Insurance Company

1. Basis of Presenting the Non-Consolidated Financial Statements

(1) Accounting principles and presentation

The accompanying non-consolidated financial statements have been prepared from the accounts and records maintained by NIPPON LIFE INSURANCE COMPANY ("Nippon Life" or the "Company") in accordance with the provisions set forth in the Japanese Commercial Act and the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry in general and in conformity with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. Certain accounting and reporting practices required to be followed by the industry are regulated by the Financial Services Agency and the related ministry by means of ministry ordinances and guidance. The accompanying non-consolidated financial statements of Nippon Life are in compliance with such requirements. However, while the business report and supporting schedules have been prepared by the management of Nippon Life as a part of the whole disclosure required by the Japanese Commercial Code and the Insurance Business Act, they have not been provided herein. Amounts of less than one million have been eliminated. As a result, totals may not add up exactly.

(2) United States dollar amounts

Nippon Life prepares its non-consolidated financial statements in Japanese yen. The US dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to US dollars on the basis of ¥83.15=US$1, the effective rate of exchange at the balance sheet date of March 31, 2011. The inclusion of such US dollar amounts is solely for convenience and is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in US dollars at ¥83.15=US$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Securities and hedging activities

Securities (including items such as deposits and monetary receivables purchased treated as securities based on "Accounting Standards for Financial Instruments" (The Accounting Standard Board of Japan (ASBJ) Statement No.10) and securities within assets held in trust) are valued as follows:

i) Trading securities are stated at market value on the balance sheet date. Moving average method is used for calculating cost of sales.

ii) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).

iii) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line) in accordance with the Industry Audit Committee Report No. 21, "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2 paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2 paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2 paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving average method.

v) Available-for-sale securities

1) For securities with a market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Other securities with a market value are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

2) For securities whose market value is extremely difficult to determine, public and corporate bonds (including foreign bonds), of which the difference between the purchase price and face value is due to interest rate adjustment, are valued using the moving average method, net of accumulated amortization (straight-line). The others are valued at the gross moving average amount.

Adjustments to market value, net of applicable taxes, are recorded in a separate component of net assets.

Hedge accounting is applied based on the following method.

1) The Company applies fair value hedge accounting and deferred hedge accounting for hedging activities against exposures to foreign exchange rate fluctuations on certain bonds denominated in foreign currencies. The Company also applies the special treatment prescribed under the "Accounting Standards for Financial Instruments" for interest swap agreements used to manage cash flow volatility associated with interest rate changes on certain loans receivable. In addition, the Company matches foreign exchange forward contracts and currency swaps with certain financial assets denominated in foreign currencies.

2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

3) Derivative financial instruments utilized for other than hedging purposes are stated at market value.

(2) Policy-reserve-matching bonds

Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as policy-reserve-matching bonds in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the JICPA.

Note that effective from the fiscal year ended March 31, 2011, the specification of subject policy sub-groups has been changed as follows for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There is no effect of this change on the non-consolidated balance sheet as of March 31, 2011 or the non-consolidated statement of income for the fiscal year ended March 31, 2011.

1) Regarding policies other than lump-sum payment products and group annuities, policies previously specified and sub-grouped as those with a remaining period of within 30 years have been changed to a sub-group corresponding to all relevant policies.
2) Regarding group annuities other than guaranteed fixed term rate products, policies previously specified and sub-grouped for cash outflows projected within the next 15 years have been changed to a sub-group for cash outflows projected for the entire period.

(3) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council). Available-for-sale securities of the Company, denominated in foreign currencies, exchange rates of which have significantly fluctuated and recovery in which is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

(4) Tangible fixed assets

1) Tangible fixed assets (except for lease assets related to trading financial leases where ownership is not transferred and buildings acquired on or after April 1, 1998) are depreciated based on the declining balance method. Buildings acquired on or after April 1, 1998 are depreciated based on the straight-line method.
2) The straight-line method based on lease period is used to calculate the depreciation of lease assets related to trading financial leases where ownership is not transferred.
3) Revaluation of land used for operations is performed based on the Act on Revaluation of Land. The amount related to the valuation difference between the previous and the revalued amount is tax effected and recognized as deferred tax liabilities for land revaluation within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets section.

Revaluation Date:	March 31, 2002
Revaluation Methodology:	The amount is rationally calculated by using the land listed value and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

(5) Software

Software, which is included within intangible fixed assets, is depreciated based on the straight-line method.

(6) Leases

Accounting treatment for financial leases other than from the transfer of ownership is based on "Accounting Standards of Lease Transactions" (ASBJ Statement No. 13). For financial leases where the Company is the lessee, and ownership is not transferred and the lease start date is March 31, 2008 or prior, the accounting treatment applied is based on the method related to ordinary lease transactions.

(7) Allowance for doubtful accounts

1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   i) The allowance for loans receivable from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans receivable (as mentioned at 3) below).
   ii) The allowance for loans receivable from borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   iii) The allowance for loans receivable from borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.
2) All credits are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Department. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.
3) The amount of collateral value or the amount collectible by the execution of guarantees or other methods directly subtracted from the balance of loans receivable is the estimated uncollectible amount for loans (including

loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The amounts recognized in the financial statements were ¥2,996 million (US$36 million) (including ¥1,961 million (US$24 million) of credits secured and/or guaranteed), ¥13,660 million (including ¥7,760 million of credits secured and/or guaranteed), and ¥7,196 million (including ¥6,193 million of credits secured and/or guaranteed), as of March 31, 2011, 2010 and 2009, respectively.

(8) Accrued bonuses for directors and corporate auditors

Accrued bonuses for directors and corporate auditors are recognized based on the amount estimated to be paid.

(9) Accrued severance indemnities

1) Accrued severance indemnities are recognized based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments to employees on the balance sheet date.
2) "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19) has been applied from the fiscal year ended March 31, 2010. Because it was decided that the same discount rate as previously applied would be used, there was no effect on operating income or surplus before income taxes.

(10) Accrued retirement benefits for directors and corporate auditors

Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

(11) Reserve for point cards

From the fiscal year ended March 31, 2011, following the introduction of the points system, a reserve for point cards was recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

(12) Accrued losses from supporting closely related companies

Accrued losses from supporting closely related companies are recognized based on amounts that are estimated to be required in the future for supporting the restructurings of the closely related companies.

(13) Reserve for losses on disaster

In order to prepare for expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets, the estimated amount is recorded as a reserve for losses on disaster.

(14) Reserve for price fluctuations in investments in securities

Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

(15) Accounting for consumption taxes

Consumption taxes and local consumption taxes are accounted for by using the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are recorded to expense as incurred as of March 31, 2011.

(16) Policy reserves

Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized by performing a calculation based on the following methodology:

1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
2) Reserves for other contracts are computed based on the net level premium method.

Since the fiscal year ended March 31, 2007, additional amounts to the policy reserves have been and will be accumulated over 5 years to a portion of the individual annuity policyholders. Such treatment is in accordance with Article 69 paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act. As a result of the adoption of the treatment, the amount of policy reserves accumulated during the fiscal year ended March 31, 2011, 2010 and 2009 were ¥230,037 million (US$2,767 million), ¥207,970 million, and ¥241,261 million, respectively.

(17) Asset retirement obligations

The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18) and the "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21) have been applied from the fiscal year ended March 31, 2011. As a result, tangible fixed assets and other assets increased by ¥554 million (US$7 million), and ¥1,802 million (US$22 million) was recorded as asset retirement obligations. Furthermore, operating income decreased by ¥128 million (US$2 million) and surplus before income taxes decreased by ¥1,248 million (US$15 million).

3. Financial Instruments

Regarding the asset management of general accounts (except separate accounts as provided in Article 118 paragraph 1 of the Insurance Business Act), in light of the characteristics of life insurance policies, the Company built a portfolio geared towards mid- to long-term investment, and formulated an investment plan considering the outlook of the investment environment.

Based on this, in order to reliably pay insurance claims and benefits in the future, the Company positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets, and from the viewpoint of improving profit in the mid- to long-term, the Company invested in stocks and foreign securities. Also, from the viewpoint of effective asset management, the Company uses derivative transactions mainly for controlling asset investment risks. Specifically, the Company uses interest rate swaps for the Company's interest rate related investments, foreign exchange forward contracts and currency options and swaps for the Company's currency related investments, and hedge accounting is applied with respect to a portion thereof.

Hedge accounting methodologies include fair value hedge accounting and deferred hedge accounting for hedging against foreign currency exchange fluctuation risk for certain foreign currency-denominated bonds, exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge cash flow volatility on certain loans receivable, and designated hedge accounting ("*Furiate-shori*") for foreign exchange contracts and currency swaps for certain foreign currency-denominated assets, etc. Effectiveness of hedging activities is mainly evaluated by ratio analysis to compare market value movements on the hedging instruments and the hedged items in accordance with the Company's internal risk management policies.

Mainly, securities are exposed to market risk and credit risk, loans are exposed to credit risk, and derivative transactions are exposed to market risk and credit risk. Market risk refers to the risk of losses incurred when the market value of investment assets declines due to such factors as fluctuations in interest rates, exchange rates or stock prices. Credit risk refers to the risk of incurring losses when the value of assets, primarily loans and bonds, declines or disappears due to deterioration of the financial condition of the party to whom credit has been extended. These risks are managed according to rules and regulations regarding asset management risks.

To manage market risk, the Company has implemented investment limits based on the nature of the assets in order to avoid excessive losses for each investment and lending transaction. In addition, the Company regularly reports on the status of compliance to the Investment Risk Management Committee, the advisory body of the Management Committee, along with preparation of a system to control risk to acceptable levels when there is a breach of rules. Also, to control market risk in the Company's entire portfolio, the Company uses statistical analysis to rationally calculate market value-at-risk of the portfolio as a whole and conduct appropriate asset allocation within acceptable boundaries of risk.

To manage credit risk, the Company has built systems for rigorous examinations involving an Assessment Management Sector independent of the departments handling investment and finance activities. The Company is also striving to build a sound portfolio through the establishment of interest guidelines to ensure the returns obtained are commensurate with the risk, a system of internal ratings for classifying the creditworthiness of borrowers, and credit ceilings to ensure that credit risk is not excessively concentrated in a particular company or group.

Moreover, the Company calculates the magnitude of credit risk as credit value at risk using Monte Carlo simulations. By considering the results of the Company's policy for managing the Company's credit risk portfolio, the Company keeps risk within an acceptable range.

(1) Balance sheet amounts and market values of major financial instruments and their differences are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
	Balance sheet amount (*1)	Market value (*2)	Difference	Balance sheet amount (*1)	Market value (*2)	Difference	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	¥ 422,995	¥ 422,995	¥ —	¥ 369,994	¥ 369,994	¥ —	$ 5,087	$ 5,087	$ —
Available-for-sale securities	422,955	422,955	—	369,994	369,994	—	5,087	5,087	—
Monetary receivables purchased	1,021,145	1,055,755	34,610	1,152,229	1,162,774	10,545	12,281	12,697	416
Policy-reserve-matching bonds	986,555	1,021,165	34,610	1,055,131	1,065,677	10,545	11,865	12,281	416
Available-for-sale securities	34,589	34,589	—	97,097	97,097	—	416	416	—
Assets held in trust	—	—	—	10,670	10,670	—	—	—	—
Trading securities	—	—	—	10,670	10,670	—	—	—	—
Securities	34,322,587	35,005,427	682,840	33,527,343	34,076,187	548,844	412,779	420,991	8,212
Trading securities	1,182,649	1,182,649	—	1,320,539	1,320,539	—	14,223	14,223	—
Held-to-maturity debt securities	16,511	16,648	137	19,522	19,864	341	199	200	2
Policy-reserve-matching bonds	16,428,921	17,085,273	656,352	15,780,403	16,304,899	524,496	197,582	205,475	7,894
Investments in subsidiaries and affiliates	7,711	34,062	26,351	62,165	86,172	24,006	93	410	317
Available-for-sale securities	16,686,793	16,686,793	—	16,344,712	16,344,712	—	200,683	200,683	—
Loans receivable (*3)	8,730,667	8,964,979	234,311	8,757,502	8,947,552	190,050	104,999	107,817	2,818
Policy loans	965,614	965,614	—	1,025,475	1,025,475	—	11,613	11,613	—
Industrial and consumer loans	7,765,053	7,999,365	234,311	7,732,027	7,922,077	190,050	93,386	96,204	2,818
Derivative financial instruments (*4)	(81,099)	(81,099)	—	(101,963)	(101,963)	—	(975)	(975)	—
Hedge accounting not applied	102	102	—	(649)	(649)	—	1	1	—
Hedge accounting applied	(81,201)	(81,201)	—	(101,313)	(101,313)	—	(977)	(977)	—
Cash received as collateral under securities lending contracts (*5)	¥ (1,297,252)	¥ (1,297,252)	¥ —	¥ (1,025,057)	¥ (1,025,057)	¥ —	$ (15,601)	$ (15,601)	$ —

*(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.*
*(*2) For securities for which impairment losses were recognized in the current fiscal year, the market value is the balance sheet amount after the impairment loss is deducted.*
*(*3) The market values of derivative financial instruments, including interest rate swaps under exceptional accounting treatment ("Tokurei-shori") or currency swaps under designated hedge accounting ("Furiate-shori"), are included in the market values of loans receivable because they are accounted for as an integral part of loans receivable which are hedged items.*
*(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.*
*(*5) Cash received as collateral under securities lending contracts is recorded in liabilities and presented in brackets.*

(2) Market value measurement methods for major financial instruments are as follows:

1) Securities, deposits and monetary receivables purchased are treated as securities based on "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with a market price

Market value is measured based on the closing market price. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the end of the fiscal year.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans receivable

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, and expected reimbursement period and interest rate requirements, etc. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value, because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price at the fiscal year end.

b. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rate (TTM) and discount rates obtained from brokers.

c. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates, etc.

4) Assets held in trust

Market value is measured based on the price rationally calculated by the trustee of assets held in trust, pursuant to 1) and 3) above.

5) Cash received as collateral under securities lending contracts

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table (1).

Balance sheet amounts by holding purpose were ¥184,081 million (US$2,214 million) and ¥180,835 million for stocks of subsidiaries and affiliates, and ¥1,160,076 million (US$13,952 million) and ¥1,233,214 million for available-for-sale securities as of March 31, 2011 and 2010, respectively.

(4) Matters regarding securities, etc. by holding purpose of possession are as follows:

1) Trading securities

Trading securities included securities in the separate accounts as of March 31, 2011, and securities managed as trust assets in money held in trust and securities in the separate accounts as of March 31, 2010.

Valuation differences included in the current period income were losses of ¥32,320 million (US$389 million) for securities related to separate accounts for the year ended March 31, 2011.

Valuation differences included in the previous period income were losses of ¥2,479 million for money held in trust and losses of ¥9,996 million for securities related to separate accounts.

Money held in trust included derivative financial instruments held in the trust as of March 31, 2010.

2) Held-to-maturity debt securities

Balance sheet amounts, market values and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount									
Domestic bonds	¥14,012	¥14,188	¥176	¥19,522	¥19,864	¥341	$169	$171	$ 2
Market value does not exceed the balance sheet amount									
Domestic bonds	2,499	2,460	(39)	—	—	—	30	30	(0)
Total	¥16,511	¥16,648	¥137	¥19,522	¥19,864	¥341	$199	$200	$ 2

** As of March 31, 2010, there are no items whose market value does not exceed the balance sheet amount.*

3) Policy-reserve-matching bonds

Balance sheet amounts, market values and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount									
Monetary receivables purchased	¥ 898,628	¥ 934,471	¥ 35,842	¥ 795,158	¥ 809,991	¥ 14,833	$ 10,807	$ 11,238	$ 431
Domestic bonds	14,690,166	15,371,394	681,228	14,092,476	14,642,231	549,755	176,671	184,863	8,193
Foreign securities	80,912	83,598	2,685	37,850	38,957	1,106	973	1,005	32
Subtotal	15,669,707	16,389,465	719,757	14,925,486	15,491,180	565,694	188,451	197,107	8,656
Market value does not exceed the balance sheet amount									
Monetary receivables purchased	87,926	86,693	(1,232)	259,973	255,685	(4,287)	1,057	1,043	(15)
Domestic bonds	1,651,047	1,623,521	(27,525)	1,595,851	1,571,991	(23,860)	19,856	19,525	(331)
Foreign securities	6,795	6,758	(36)	54,224	51,719	(2,504)	82	81	(0)
Subtotal	1,745,768	1,716,974	(28,794)	1,910,049	1,879,396	(30,653)	20,995	20,649	(346)
Total	¥17,415,476	¥18,106,439	¥690,962	¥16,835,535	¥17,370,576	¥535,041	$209,446	$217,756	$8,310

4) Available-for-sale securities

Acquisition cost or amortized cost and balance sheet amounts and their differences by type are as follows:

	Millions of Yen						Millions of U.S. Dollars		
As of March 31	2011			2010			2011		
Type	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost									
Cash and deposits (negotiable certificates of deposit)	¥ 10,000	¥ 10,000	¥ 0	¥ 15,000	¥ 15,000	¥ 0	$ 120	$ 120	$ 0
Monetary receivables purchased	4,283	4,776	492	4,968	5,299	330	52	57	6
Domestic bonds	1,158,509	1,196,553	38,044	1,143,171	1,178,679	35,508	13,933	14,390	458
Domestic stocks	3,147,836	4,687,672	1,539,836	3,678,010	5,581,030	1,903,019	37,857	56,376	18,519
Foreign securities	4,011,331	4,253,656	242,325	4,903,840	5,164,505	260,665	48,242	51,156	2,914
Other securities	212,419	219,393	6,973	176,370	184,786	8,415	2,555	2,639	84
Subtotal	8,544,381	10,372,053	1,827,671	9,921,362	12,129,301	2,207,938	102,759	124,739	21,980
Balance sheet amount does not exceed acquisition cost or amortized cost									
Cash and deposits (negotiable certificates of deposit)	413,000	412,995	(4)	355,000	354,994	(5)	4,967	4,967	(0)
Monetary receivables purchased	29,843	29,813	(30)	92,359	91,798	(561)	359	359	(0)
Domestic bonds	288,593	285,039	(3,553)	519,534	518,958	(575)	3,471	3,428	(43)
Domestic stocks	1,570,618	1,218,319	(352,299)	1,089,503	858,490	(231,013)	18,889	14,652	(4,237)
Foreign securities	4,988,547	4,737,693	(250,854)	2,854,106	2,744,707	(109,399)	59,995	56,978	(3,017)
Other securities	112,281	88,463	(23,817)	137,800	113,554	(24,246)	1,350	1,064	(286)
Subtotal	7,402,885	6,772,326	(630,559)	5,048,304	4,682,502	(365,801)	89,030	81,447	(7,583)
Total	¥15,947,266	¥17,144,379	¥1,197,112	¥14,969,667	¥16,811,804	¥1,842,136	$191,789	$206,186	$14,397

* *The items ¥1,160,076 million (US$13,952 million) and ¥1,233,214 million, whose market values are extremely difficult to determine, as of March 31, 2011 and 2010, respectively, are not included.*

During the current fiscal year, ¥118,932 million (US$1,430 million) in impairment losses were recognized for items with market value. Regarding stocks (including foreign stocks with market value), impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the final day of the fiscal year, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the final day of the fiscal year is substantial, impairment losses are recognized based on the market value on the final day of the fiscal year.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the final day of the fiscal year to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:
   1. Average market value in the month preceding the final day of the fiscal year is over 50% and 70% or less of its acquisition cost.
   2. The historical market value, the business condition of its issuing company and other aspects are subject to certain requirements.

5) Because some issues of monetary receivables purchased no longer meet the requirements for policy-reserve-matching bonds provided in "Treatment of Accounting and Auditing for Policy-Reserve-Matching Bonds Within the Insurance Industry" (JICPA Industry Audit Committee Report No. 21), they were replaced with available-for-sale securities as of March 31, 2010. Year-end valuation based on the aforementioned change resulted in decreases of ¥122 million in monetary receivables purchased and ¥78 million in securities valuation difference, and an increase of ¥44 million in deferred tax assets as of March 31, 2010.

There was no effect on operating income or surplus before income tax for the year ended March 31, 2010.

(5) Scheduled repayment amounts for the main monetary claims and liabilities and redemption amounts for securities with maturities are as follows:

As of March 31, 2011	Millions of Yen				Millions of U.S. Dollars			
	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years	1 year or under	Over 1 year under 5 years	Over 5 years under 10 years	Over 10 years
Cash and deposits (negotiable certificates of deposit)	¥ 423,000	¥ —	¥ —	¥ —	$ 5,087	$ —	$ —	$ —
Available-for-sale securities	423,000	—	—	—	5,087	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141	555	297	487	10,934
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304	218	233	475	10,924
Available-for-sale securities	28,000	5,377	999	837	337	65	12	10
Securities	848,760	3,097,062	6,054,484	16,502,070	10,208	37,247	72,814	198,461
Held-to-maturity debt securities	2,000	14,500	—	—	24	174	—	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619	8,666	22,039	41,527	124,481
Available-for-sale securities	126,154	1,249,995	2,601,528	6,151,450	1,517	15,033	31,287	73,980
Loans receivable	1,099,703	3,179,704	2,259,429	1,227,933	13,226	38,241	27,173	14,768
Cash received as collateral under securities lending contracts	1,297,252	—	—	—	15,601	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥19,257 million (US$232 million) in loans receivable from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

4. Disclosures about Market Value of Investment and Rental Property

The balance sheet amounts for investment and rental properties were ¥1,189,763 million (US$14,309 million) and ¥1,210,242 million, with a market value of ¥1,189,873 million (US$14,310 million) and ¥1,239,545 million as of March 31, 2011 and 2010, respectively. The Company owns rental office buildings and commercial facilities the market value of which at fiscal year end is the amount measured based mainly on the "Real Estate Appraisal Standards." The amount corresponding to asset retirement obligations which are included in the balance sheet amounts of investment and rental properties is ¥463 million (US$6 million).

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreement were as ¥2,541,150 million (US$30,561 million), ¥1,865,306 million and ¥1,411,639 million as of March 31, 2011, 2010 and 2009, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreement. These assets were being held without disposal totaling ¥1,173,504 million (US$14,113 million), ¥595,913 million and ¥206,962 million at market value as of March 31, 2011, 2010 and 2009, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,125,580 million (US$13,537 million), ¥1,086,502 million and ¥1,063,143 million as of March 31, 2011, 2010 and 2009, respectively.

7. Separate Accounts

Separate accounts as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,311,321 million (US$15,771 million), ¥1,449,753 million and ¥1,371,549 million as of March 31, 2011, 2010 and 2009, respectively, and are presented within the asset accounts with a corresponding liability recorded for the same amount.

8. Monetary Receivables from/and Monetary Liabilities to Subsidiaries

The total amount of credits and debits to subsidiaries as of March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Monetary receivables	¥183,804	¥208,611	¥215,054	$2,211
Monetary liabilities	3,933	5,540	5,042	47

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal year ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Balance at the end of the previous fiscal year	¥1,150,140	¥1,215,391	¥1,233,268	$13,832
Transfer to reserve from surplus in the previous fiscal year	199,189	130,634	226,284	2,396
Policyholder dividends paid out during the fiscal year	(234,228)	(227,044)	(277,367)	(2,817)
Increase in interest	29,228	31,160	33,206	352
Balance at the end of the fiscal year	¥1,144,330	¥1,150,140	¥1,215,391	$13,762

5 Financial Data

10. Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act

The amounts per Article 30, Paragraph 2 of the Ordinance for Enforcement of the Insurance Business Act were ¥752,520 million (US$9,050 million), ¥1,176,071 million and ¥260,293 million as of March 31, 2011, 2010 and 2009, respectively.

11. Accrued Severance Indemnities

Accrued severance indemnities as of March 31, 2011, 2010 and 2009 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Retirement benefit obligations	¥(709,533)	¥(770,393)	¥(775,391)	$(8,533)
Pension plan assets	273,178	284,328	270,981	3,285
Accrued retirement benefit costs	(436,355)	(486,064)	(504,409)	(5,248)
Unrecognized actuarial differences	19,280	34,973	72,322	232
Unrecognized prior service cost	(23,428)	—	(6,861)	(282)
Accrued severance indemnities	¥(440,503)	¥(451,091)	¥(438,948)	$(5,298)

Basic information for the calculation of accrued severance indemnities is as follows:

Periodical allocation method of estimated retirement benefits	Straight-line
Discount rate	1.6%
Expected rate of return on plan assets	2.5%
Method of amortizing actuarial differences	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees one year after the accrual of liabilities.
Method of amortizing prior service costs	Amortization is made over a certain period (5 years) using the straight-line method within the average remaining years of service of employees upon accrual of liabilities.

In March 2011, the Company made revisions to the retirement benefit system for in-house employees, etc., such as the expansion of the scope of the defined contribution retirement pension plan and the reduction of the payment period for the retirement pension plan. As a result of the reduction in retirement benefit obligations accompanying these revisions, a negative figure of ¥23,825 million (US$287 million) in unrecognized prior service costs arose. Additionally, the abolishment of a portion of the retirement benefit system resulted in the recording of ¥2,677 million (US$32 million) in losses as extraordinary losses.

Benefit costs of accrued severance indemnities for the fiscal year ended March 31, 2011, 2010 and 2009 were analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Service cost	¥27,198	¥26,292	¥26,593	$327
Interest cost	12,326	12,406	12,590	148
Expected return on plan assets	(7,108)	(6,774)	(7,531)	(85)
Amortization of actuarial differences	17,239	25,727	17,790	207
Amortization of prior service costs	(397)	(6,861)	(7,548)	(5)
Losses from abolishment of a portion of the retirement benefit system	2,677	—	—	32
Others	1,359	1,348	1,306	16
Net periodic benefit cost	¥53,295	¥52,139	¥43,201	$641

12. Foundation Funds

The Company redeemed ¥50,000 million (US$601 million) of foundation funds and credited the same amount to reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of March 31, 2011, 2010 and 2009. ¥50,000 million (US$601 million) of foundation funds were offered according to Article 60 of Insurance Business Act during the fiscal year ended March 31, 2011. ¥100,000 million and ¥50,000 million of foundation funds were offered according to Article 60 of Insurance Business Act during the fiscal year ended March 31, 2010 and 2009, respectively.

13. Pledged Assets

Assets pledged as collateral by securities, land, and buildings as of March 31, 2011 were ¥1,351,346 million (US$16,252 million), ¥2,952 million (US$36 million), and ¥293 million (US$4 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,301,070 million (US$15,647 million) as of March 31, 2011.

These amounts included ¥1,281,496 million (US$15,412 million) of securities deposited and ¥1,301,029 million (US$15,647 million) of cash received as collateral, under the securities lending contracts secured by cash as of March 31, 2011.

Assets pledged as collateral by securities, land and buildings as of March 31, 2010 were ¥1,072,156 million, ¥2,952 million and ¥308 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,036,302 million as of March 31, 2010.

These amounts included ¥1,039,219 million of securities deposited and ¥1,036,250 million of cash received as collateral, under securities lending contracts secured by cash as of March 31, 2010.

Assets pledged as collateral by securities, land and buildings as of March 31, 2009 were ¥606,018 million, ¥2,952 million and ¥325 million, respectively. The total amount of loans covered by the aforementioned assets was ¥470,658 million as of March 31, 2009.

These amounts included ¥531,740 million of securities deposited and ¥470,591 million of cash received as collateral, under securities lending contracts secured by cash as of March 31, 2009.

14. Investments in Subsidiaries

The total amounts of stocks and investments in subsidiaries were ¥191,792 million (US$2,307 million), ¥243,000 million and ¥235,711 million as of March 31, 2011, 2010 and 2009, respectively.

On March 14, 2011, the Company agreed to acquire 26% of the shares of Reliance Life Insurance Company Limited, which is an affiliate of the Reliance Anil Dhirubhai Ambani Group.

Nissay Dowa General Insurance Co., Ltd., an affiliate, effected a stock swap with MS&AD Insurance Group Holdings, Inc. following its business integration with Aioi Insurance Co., Ltd. and Mitsui Sumitomo Insurance Group Holdings, Inc. on April 1, 2010. This stock swap resulted in the recording of ¥12,898 million (US$155 million) in gain on sales of securities for the fiscal year ended March 31, 2011.

15. Loans Receivable

1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans receivable, was ¥42,669 million (US$513 million), ¥42,056 million and ¥43,165 million as of March 31, 2011, 2010 and 2009, respectively.

   i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,127 million (US$38 million) and ¥35,301 million (US$425 million) as of March 31, 2011, ¥3,222 million and ¥36,524 million as of March 31, 2010 and ¥3,415 million and ¥38,426 million as of March 31, 2009.

   Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income for the loans since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are long overdue or for other reasons. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

   ii) There were no loans delinquent for over three months as of March 31, 2011, 2010 and 2009, respectively.

   Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

   iii) The balance of restructured loans was ¥4,240 million (US$51 million), ¥2,309 million and ¥1,323 million as of March 31, 2011, 2010 and 2009, respectively.

   Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

2) Direct write-offs of loans receivable decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥1,035 million (US$12 million) and ¥1,961 million (US$24 million) as of March 31, 2011, ¥10,849 million and ¥2,810 million as of March 31, 2010 and ¥6,000 million and ¥1,196 million as of March 31, 2009.

16. Loan Commitments

The amount of commitments related to loans receivable and loans outstanding was ¥122,666 million (US$1,475 million), ¥108,580 million and ¥128,402 million as of March 31, 2011, 2010 and 2009, respectively.

17. Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of Insurance Business Act

The amount of policy reserves provided for the portion of reinsurance as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act as of March 31, 2011, 2010, and 2009 was ¥163 million (US$2 million), ¥198 million and ¥190 million, respectively.

18. Contributions to the Life Insurance Policyholder Protection Fund and Organization

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, in accordance with Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥85,971 million (US$1,034 million), ¥86,842 million and ¥90,467 million as of March 31, 2011, 2010 and 2009, respectively. The contribution amounts were recorded within operating expenses for the fiscal year.

19. Investment Income and Expenses

Major items of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Domestic bonds including national government bonds	¥ 35,190	¥ 17,010	¥10,738	$ 423
Domestic stocks	149,815	102,209	18,641	1,802
Foreign securities	145,839	66,277	59,229	1,754

Major items of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Domestic bonds including national government bonds	¥ 7,148	¥ 1,306	¥17,773	$ 86
Domestic stocks	18,628	19,258	7,047	224
Foreign securities	227,306	103,093	94,702	2,734

Major items of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Domestic stocks	¥119,372	¥ 4,809	¥273,957	$1,436
Foreign securities	20,335	75,857	253,846	245

Gain or loss from assets held in trust, net, included net valuation gains of ¥2,479 million (US$30 million), ¥79,793 million and losses of ¥44,531 million for the fiscal year ended March 31, 2011, 2010 and 2009, respectively. Gain or loss from derivative financial instruments, net, included net valuation gains of ¥6,503 million (US$78 million), ¥77,626 million and losses of ¥70,978 million for the fiscal year ended March 31, 2011, 2010 and 2009, respectively.

20. Policy Reserves for Reinsurance

Reversal or provision of the policy reserves for ceded reinsurance used for the calculation of policy reserves was a reversal of ¥34 million (US$0 million), a provision of ¥7 million and a provision of ¥2 million for the fiscal year ended March 31, 2011, 2010 and 2009, respectively.

21. Impairment Losses of Assets

i) Method for grouping the assets

Leased property and idle property are classified as one asset group per structure. Assets utilized for insurance business operations are classified into one asset group.

ii) Circumstances causing impairment losses

The Company observed a marked decrease of profitability or market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

iii) Breakdown of asset groups that recognized impairment losses:

For the year ended March 31, 2011

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 935	¥214	¥1,571	¥ 2,722
Idle property	3,507	—	5,526	9,033
Total	¥4,443	¥214	¥7,097	¥11,756

For the year ended March 31, 2010

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥1,954	—	¥ 584	¥2,539
Idle property	3,173	—	937	4,111
Total	¥5,128	—	¥1,522	¥6,650

For the year ended March 31, 2009

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 330	¥423	¥ 30	¥ 785
Idle property	3,607	—	1,585	5,192
Total	¥3,937	¥423	¥1,616	¥5,977

For the year ended March 31, 2011

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$11	$ 3	$19	$ 33
Idle property	42	—	66	109
Total	$53	$ 3	$85	$141

iv) Calculation method of recoverable amount

The recoverable amount used for the measurement of impairment loss is based on the net realizable value upon sales of the assets or the discounted future cash flows. The discount rate used in the calculation of future cash flows is in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the prescribed real property appraisal criteria or posted land prices.

22. Deferred Tax Assets and Liabilities

1) Deferred tax assets/liabilities consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Deferred tax assets	¥1,306,890	¥1,203,884	¥1,237,464	$15,717
Valuation allowance for deferred tax assets	(77,081)	(65,749)	(96,492)	(927)
	1,229,809	1,138,135	1,140,972	14,790
Deferred tax liabilities	(487,768)	(703,107)	(214,081)	(5,866)
Net deferred tax assets/ (liabilities)	¥ 742,040	¥ 435,027	¥ 926,890	$ 8,924

The major components causing deferred tax assets/liabilities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Deferred tax assets:				
Policy reserves	¥858,041	¥786,701	¥700,876	$10,319
Reserve for price fluctuations in investments in securities	125,285	143,737	134,330	1,507
Accrued severance indemnities	159,043	162,907	158,500	1,913
Allowance for doubtful accounts	9,908	12,326	9,429	119
Deferred tax liabilities:				
Net unrealized gain on securities	¥441,773	¥662,894	¥173,758	$5,313

2) The statutory tax rate was 36.1% for the fiscal year ended March 31, 2011, 2010 and 2009. The main factors in the difference between the statutory tax rate and the effective income tax rate were as follows:

	2011	2010	2009
Reserve for dividends to policyholders	(24.4)%	(28.3)%	(20.2)%
Loss on valuation of securities	—	(4.6)	5.0

23. Transactions with Subsidiaries

Total revenue and expense from transactions with subsidiaries for the fiscal year ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2011	2010	2009	2011
Total revenue	¥ 5,667	¥26,024	¥44,520	$ 68
Total expense	32,344	38,910	40,932	389

24. Transactions with Related Parties

Subsidiaries

Type:	Subsidiaries	
Company Name:	Nissay Credit Guarantee Co., Ltd.	
Location:	Osaka	
Capital:	¥950 million	
Main Business:	Debt guarantee services	
Percentage of Shareholder Voting Rights:		Direct 87.3%
		Indirect 6.3%
Nature of Relationship between Parties:		Debt guarantee, etc.
		Interlocking directors, etc.

Details of Transaction: Debt guarantees of Nippon Life's loan*

Balance as of March 31, 2011: ¥536,027 million (US$6,447 million)

** Credit guarantees of the loans held by Nippon Life are made in accordance with the guarantee service agreement bound between Nissay Credit Guarantee and the debtor.*

25. Other Extraordinary Losses

Other extraordinary losses are losses from the abolishment of a portion of the retirement benefit system associated with revisions in the retirement benefit system for in-house employees, etc.

Supplementary Note

In accordance with Article 54, Paragraph 4, Item 2 of the Japanese Insurance Business Act, Nippon Life Insurance Company's non-consolidated balance sheets as of March 31, 2011, 2010 and 2009, and the related non-consolidated statements of operations and changes in net assets for the years then ended ("non-consolidated financial statements"), all expressed in Japanese yen, were audited by Deloitte Touche Tohmatsu.

Nippon Life Insurance Company, by its own judgment, has made certain reclassifications and modifications to those audited non-consolidated financial statements referred to above to facilitate and enhance the readers' understanding of the financial information, and included them in this publication.

In addition, Nippon Life Insurance Company has translated Japanese yen amounts into U.S. dollar amounts solely for the convenience of readers outside Japan.