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 Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2012**	**2011**	**2010**	**2012**
ASSETS:				
Cash and deposits (Notes 3 and 4)	¥ 479,071	¥ 688,152	¥ 617,836	$ 5,829
Call loans (Note 3)	212,300	119,800	146,100	2,583
Receivables under securities borrowing transactions	211,928	392,526	151,689	2,579
Monetary receivables purchased (Notes 3 and 4)	883,070	1,021,145	1,152,229	10,744
Assets held in trust (Note 4)	—	—	10,670	—
Investments in securities (Notes 3, 4, 6, 13 and 14)	37,465,182	35,617,542	34,919,016	455,836
Loans (Notes 4, 15 and 16)	8,639,833	8,659,163	8,694,487	105,120
Tangible fixed assets (Notes 5, 7, 13 and 18):	1,770,412	1,787,239	1,808,633	21,540
Land	1,199,239	1,203,352	1,209,743	14,591
Buildings	523,635	532,558	544,400	6,371
Lease assets	3,353	4,568	2,813	41
Construction in progress	13,500	23,014	26,238	164
Other tangible fixed assets	30,683	23,746	25,437	373
Intangible fixed assets:	196,386	192,130	181,285	2,389
Software	105,885	67,849	70,130	1,288
Lease assets	0	—	—	0
Other intangible fixed assets	90,500	124,281	111,154	1,101
Reinsurance receivables	485	319	300	6
Other assets	822,252	726,955	742,542	10,004
Deferred tax assets (Note 19)	476,521	750,557	439,865	5,798
Customers' liability for acceptances and guarantees	27,037	21,377	15,088	329
Allowance for doubtful accounts	(17,569)	(26,769)	(29,403)	(214)
Total assets	¥51,166,914	¥49,950,141	¥48,850,343	$622,544

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

As of March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 208,643	¥ 250,324	¥ 224,766	$ 2,539
Policy reserves	44,449,394	43,108,223	42,015,736	540,813
Reserve for dividends to policyholders (Note 9)	1,120,336	1,144,330	1,150,140	13,631
Subtotal	**45,778,374**	**44,502,877**	**43,390,643**	**556,982**
Reinsurance payables	**360**	**326**	**326**	**4**
Other liabilities	**1,960,751**	**2,364,231**	**1,904,609**	**23,856**
Accrued bonuses for directors and corporate auditors	**53**	**57**	**56**	**1**
Accrued retirement benefits (Note 10)	**439,850**	**442,637**	**453,157**	**5,352**
Accrued retirement benefits for directors and corporate auditors	**4,681**	**5,215**	**6,029**	**57**
Reserve for program points	**7,238**	**4,652**	**—**	**88**
Accrued losses from supporting closely related companies	**397**	**424**	**453**	**5**
Reserve for loss on disaster	**739**	**1,826**	**—**	**9**
Reserve for price fluctuations in investments in securities	**333,710**	**347,003**	**398,011**	**4,060**
Deferred tax liabilities (Note 19)	**50**	**51**	**—**	**1**
Deferred tax liabilities for land revaluation	**142,498**	**171,952**	**174,013**	**1,734**
Acceptances and guarantees	**27,037**	**21,377**	**15,088**	**329**
Total liabilities	**48,695,744**	**47,862,633**	**46,342,389**	**592,478**
NET ASSETS:				
Foundation funds (Note 12)	**300,000**	**250,000**	**250,000**	**3,650**
Reserve for redemption of foundation funds (Note 12)	**900,000**	**850,000**	**800,000**	**10,950**
Reserve for revaluation	**651**	**651**	**651**	**8**
Consolidated surplus	**379,311**	**380,448**	**409,964**	**4,615**
Total foundation funds and others	**1,579,962**	**1,481,099**	**1,460,616**	**19,223**
Net unrealized gains on available-for-sale securities, net of tax	**1,022,171**	**745,362**	**1,178,311**	**12,437**
Deferred (losses) gains on derivatives under hedge accounting	**(6,969)**	**6,832**	**(602)**	**(85)**
Land revaluation differences	**(67,515)**	**(89,985)**	**(91,111)**	**(821)**
Foreign currency translation adjustments	**(68,619)**	**(67,197)**	**(50,640)**	**(835)**
Total accumulated other comprehensive income	**879,066**	**595,012**	**1,035,956**	**10,696**
Minority interests	**12,141**	**11,395**	**11,381**	**148**
Total net assets	**2,471,169**	**2,087,507**	**2,507,953**	**30,067**
Total liabilities and net assets	**¥51,166,914**	**¥49,950,141**	**¥48,850,343**	**$622,544**

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

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss) [Consolidated Statements of Income]

Nippon Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2010**	**2012**
ORDINARY INCOME:				
Revenues from insurance and reinsurance	**¥5,388,618**	**¥4,917,047**	**¥4,837,897**	**$65,563**
Investment income:				
Interest, dividends, and other income	1,203,934	1,212,295	1,128,229	14,648
Gain from assets held in trust, net	16	—	28,657	0
Gain on sales of securities	233,980	317,957	183,840	2,847
Gain on redemptions of securities	239	2,121	1,259	3
Gain on derivative financial instruments, net	—	—	16,436	—
Reversal of allowance for doubtful accounts	5,083	—	—	62
Other investment income	3,422	1,582	1,208	42
Gain from separate accounts, net	18,640	—	200,643	227
Subtotal	**1,465,316**	**1,533,957**	**1,560,274**	**17,828**
Other ordinary income	**313,987**	**278,608**	**291,700**	**3,820**
Total ordinary income	**7,167,921**	**6,729,612**	**6,689,872**	**87,212**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,167,552	1,135,479	1,174,213	14,206
Annuity payments	649,373	568,489	540,285	7,901
Health and other benefits	819,003	845,898	879,253	9,965
Surrender benefits	1,011,204	1,014,833	1,059,647	12,303
Other refunds	252,933	262,853	244,455	3,077
Reinsurance premiums	1,506	1,586	1,724	18
Subtotal	**3,901,575**	**3,829,140**	**3,899,580**	**47,470**
Provision for policy reserves:				
Provision for reserve for outstanding claims	—	25,843	630	—
Provision for policy reserves	1,341,572	1,092,497	1,134,090	16,323
Provision for interest on reserve for dividends to policyholders (Note 9)	27,087	29,228	31,160	330
Subtotal	**1,368,660**	**1,147,569**	**1,165,881**	**16,652**
Investment expenses:				
Interest expenses	3,190	3,866	3,268	39
Loss from assets held in trust, net	—	605	—	—
Loss on sales of securities	154,165	255,515	124,083	1,876
Loss on valuation of securities	29,397	140,460	89,270	358
Loss on redemptions of securities	16,352	16,547	12,635	199
Loss on derivative financial instruments, net	159,834	29,732	—	1,945
Foreign exchange losses, net	6,292	7,631	12,879	77
Provision for allowance for doubtful accounts	—	—	14,779	—
Write-off of loans	144	83	267	2
Depreciation of rental real estate and other assets	25,211	25,561	26,001	307
Other investment expenses	23,350	28,910	25,210	284
Loss from separate accounts, net	—	34,818	—	—
Subtotal	**417,939**	**543,734**	**308,397**	**5,085**
Operating expenses (Note 17)	**590,197**	**590,727**	**590,238**	**7,181**
Other ordinary expenses	**401,707**	**394,453**	**434,223**	**4,888**
Total ordinary expenses	**6,680,080**	**6,505,624**	**6,398,320**	**81,276**
Ordinary profit	**¥ 487,841**	**¥ 223,987**	**¥ 291,552**	**$ 5,936**

Financial Data

For the years ended March 31	Millions of Yen 2012	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars 2012
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 72	¥ 1,588	¥ 1,324	$ 1
Gain on negative goodwill	—	234	—	—
Reversal of reserve for price fluctuations in investments in securities	13,293	51,008	—	162
Reversal of allowance for doubtful accounts	—	2,757	—	—
Reversal of reserve for loss on disaster	335	—	—	4
Other extraordinary gains	92	—	—	1
Subtotal	**13,793**	**55,587**	**1,324**	**168**
Extraordinary losses:				
Loss on disposals of fixed assets	7,055	6,558	5,069	86
Impairment losses (Note 18)	13,903	11,756	6,650	169
Provision for reserve for price fluctuations in investments in securities	—	—	25,998	—
Loss on reduction entry of real estate	57	397	332	1
Contributions for assisting social public welfare	1,477	—	—	18
Provision for reserve for loss on disaster	—	1,826	—	—
Loss from change in accounting standard for asset retirement obligations	—	1,172	—	—
Other extraordinary losses (Note 20)	—	4,158	2,577	—
Subtotal	**22,493**	**25,869**	**40,627**	**274**
Surplus before income taxes and minority interests	**479,141**	**253,705**	**252,249**	**5,830**
Income taxes (Note 19)**:**				
Current	32,521	120,726	5,353	396
Deferred	220,896	(92,893)	2,541	2,688
Total income taxes	253,417	27,833	7,894	3,083
Surplus before minority interests	**225,723**	**225,872**	**—**	**2,746**
Minority interests	**819**	**552**	**692**	**10**
Net surplus	**¥ 224,903**	**¥ 225,319**	**¥ 243,663**	**$ 2,736**

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

[Consolidated Statements of Comprehensive Income (Loss)]

Nippon Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen		Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2012**
Surplus before minority interests	¥225,723	¥ 225,872	$2,746
Other comprehensive income (loss) (Note 21):	287,002	(442,966)	3,492
Net unrealized gains on available-for-sale securities, net of tax	276,778	(428,958)	3,368
Deferred (losses) gains on derivatives under hedge accounting	(13,802)	7,435	(168)
Land revaluation differences	25,450	(869)	310
Foreign currency translation adjustments	(2,671)	(15,993)	(32)
Share of other comprehensive income (loss) of associates accounted for under the equity method	1,246	(4,580)	15
Comprehensive income (loss):	512,725	(217,094)	6,238
Comprehensive income (loss) attributable to the Parent Company	511,938	(217,619)	6,229
Comprehensive income attributable to minority interests	¥ 787	¥ 525	$ 10

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

Financial Data

3. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2010**	**2012**
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 12)**:**				
Beginning balance	¥ 250,000	¥ 250,000	¥ 200,000	$ 3,042
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Net change	50,000	—	50,000	608
Ending balance	300,000	250,000	250,000	3,650
Reserve for redemption of foundation funds (Note 12)**:**				
Beginning balance	850,000	800,000	750,000	10,342
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	608
Net change	50,000	50,000	50,000	608
Ending balance	900,000	850,000	800,000	10,950
Reserve for revaluation:				
Beginning balance	651	651	651	8
Increase/decrease	—	—	—	—
Net change	—	—	—	—
Ending balance	651	651	651	8
Consolidated surplus:				
Beginning balance	380,448	409,964	349,344	4,629
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 9)	(175,513)	(199,189)	(130,634)	(2,135)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	224,903	225,319	243,663	2,736
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change	(1,137)	(29,516)	60,620	(14)
Ending balance	379,311	380,448	409,964	4,615
Total foundation funds and others:				
Beginning balance	1,481,099	1,460,616	1,299,995	18,020
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Additions to reserve for dividends to policyholders	(175,513)	(199,189)	(130,634)	(2,135)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	224,903	225,319	243,663	2,736
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change	98,862	20,483	160,620	1,203
Ending balance	1,579,962	1,481,099	1,460,616	19,223

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2010**	**2012**
Accumulated other comprehensive income (loss):				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	¥ 745,362	¥1,178,311	¥ 253,693	$ 9,069
Increase/decrease:				
Net change, excluding foundation funds and others	276,808	(432,948)	924,617	3,368
Net change	276,808	(432,948)	924,617	3,368
Ending balance	1,022,171	745,362	1,178,311	12,437
Deferred (losses) gains on derivatives under hedge accounting:				
Beginning balance	6,832	(602)	6	83
Increase/decrease:				
Net change, excluding foundation funds and others	(13,802)	7,435	(608)	(168)
Net change	(13,802)	7,435	(608)	(168)
Ending balance	(6,969)	6,832	(602)	(85)
Land revaluation differences:				
Beginning balance	(89,985)	(91,111)	(91,006)	(1,095)
Increase/decrease:				
Net change, excluding foundation funds and others	22,469	1,126	(104)	273
Net change	22,469	1,126	(104)	273
Ending balance	(67,515)	(89,985)	(91,111)	(821)
Foreign currency translation adjustments:				
Beginning balance	(67,197)	(50,640)	(46,148)	(818)
Increase/decrease:				
Net change, excluding foundation funds and others	(1,422)	(16,556)	(4,492)	(17)
Net change	(1,422)	(16,556)	(4,492)	(17)
Ending balance	(68,619)	(67,197)	(50,640)	(835)
Total accumulated other comprehensive income:				
Beginning balance	595,012	1,035,956	116,544	7,239
Increase/decrease:				
Net change, excluding foundation funds and others	284,053	(440,943)	919,411	3,456
Net change	284,053	(440,943)	919,411	3,456
Ending balance	879,066	595,012	1,035,956	10,696
Minority interests:				
Beginning balance	11,395	11,381	10,203	139
Increase/decrease:				
Net change, excluding foundation funds and others	746	13	1,178	9
Net change	746	13	1,178	9
Ending balance	12,141	11,395	11,381	148
Total net assets:				
Beginning balance	2,087,507	2,507,953	1,426,743	25,399
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Additions to reserve for dividends to policyholders	(175,513)	(199,189)	(130,634)	(2,135)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	224,903	225,319	243,663	2,736
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change, excluding foundation funds and others	284,799	(440,929)	920,590	3,465
Net change	383,662	(420,446)	1,081,210	4,668
Ending balance	¥2,471,169	¥2,087,507	¥2,507,953	$30,067

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

4. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2010**	**2012**
I **Cash flows from operating activities:**				
Surplus before income taxes and minority interests	¥ 479,141	¥ 253,705	¥ 252,249	$ 5,830
Depreciation of rental real estate and other assets	25,211	25,561	26,001	307
Depreciation	51,787	49,001	45,477	630
Impairment losses	13,903	11,756	6,650	169
Net (decrease) increase in reserve for outstanding claims	(41,590)	25,789	460	(506)
Net increase in policy reserves	1,341,233	1,092,652	1,134,209	16,319
Provision for interest on reserve for dividends to policyholders	27,087	29,228	31,160	330
Net (decrease) increase in allowance for doubtful accounts	(5,403)	(3,767)	14,108	(66)
Net (decrease) increase in accrued bonuses for directors and corporate auditors	(4)	1	(14)	(0)
Net (decrease) increase in accrued retirement benefits	(2,786)	(10,520)	12,352	(34)
Net decrease in accrued retirement benefits for directors and corporate auditors	(533)	(813)	(94)	(6)
Net (decrease) increase in reserve for price fluctuations in investments in securities	(13,293)	(51,008)	25,998	(162)
Interest, dividends, and other income	(1,203,934)	(1,212,295)	(1,128,229)	(14,648)
Net (gains) losses from assets held in trust	(16)	605	(28,657)	(0)
Net (gains) losses on investments in securities	(34,304)	92,430	41,218	(417)
Net loss on policy loans	198,623	216,969	234,322	2,417
Loss (gain) on derivative financial instruments, net	159,834	29,732	(16,436)	1,945
Interest expenses	3,190	3,866	3,268	39
Net foreign exchange losses	6,201	7,465	12,831	75
Net losses on tangible fixed assets	6,495	5,367	4,077	79
Investment loss (gain) on equity method	585	38	(1,408)	7
(Gain) loss from separate accounts, net	(18,640)	34,818	(200,643)	(227)
Net increase in reinsurance receivables	(172)	(18)	(25)	(2)
Net (increase) decrease in other assets (excluding those related to investing activities and financial activities)	(8,448)	15,101	1,194	(103)
Net increase (decrease) in reinsurance payables	34	(0)	(14)	0
Net decrease in other liabilities (excluding those related to investing activities and financing activities)	(6,331)	(2,122)	(5,825)	(77)
Others, net	(2,347)	10,935	20,017	(30)
Subtotal	**975,522**	**624,481**	**484,247**	**11,869**
Interest, dividends, and other income received	1,212,575	1,209,417	1,123,829	14,753
Interest paid	(3,308)	(3,840)	(3,297)	(40)
Dividends to policyholders paid	(202,602)	(210,196)	(222,643)	(2,465)
Others, net	508	1,335	1,769	7
Income taxes paid/refund	(167,235)	(8,062)	44,475	(2,035)
Net cash provided by operating activities	**¥ 1,815,460**	**¥ 1,613,134**	**¥ 1,428,380**	**$ 22,089**

For the years ended March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
II Cash flows from investing activities:				
Net increase in deposits	¥ (2,100)	¥ (200)	¥ (400)	$ (26)
Net decrease (increase) in receivables under securities borrowing transactions	180,597	(240,836)	(151,689)	2,197
Purchases of monetary receivables purchased	(8,000)	(34,623)	(19,343)	(97)
Proceeds from sales and redemptions of monetary receivables purchased	84,009	89,481	49,824	1,022
Proceeds from decrease in assets held in trust	—	10,043	132,048	—
Purchases of securities	(12,567,926)	(19,093,872)	(11,315,842)	(152,913)
Proceeds from sales and redemptions of securities	11,019,846	16,774,520	9,505,934	134,078
Disbursements for loans	(1,515,105)	(1,500,532)	(1,397,314)	(18,434)
Proceeds from collections of loans	1,351,797	1,331,800	1,538,025	16,447
Net income from the settlement of derivative financial instruments	11,103	328,511	146,595	135
Net (decrease) increase in cash received as collateral under securities lending transactions	(361,667)	272,194	574,562	(4,400)
Others, net	(23,286)	25,049	(8,903)	(283)
① Total of investment activities	**(1,830,732)**	**(2,038,462)**	**(946,503)**	**(22,274)**
[I + II①]	**[(15,271)]**	**[(425,327)]**	**[481,877]**	**[(186)]**
Purchases of tangible fixed assets	(55,966)	(43,899)	(184,399)	(681)
Proceeds from sales of tangible fixed assets	3,075	7,707	3,748	37
Others, net	(30,711)	(38,649)	(37,465)	(374)
Net cash used in investing activities	**(1,914,335)**	**(2,113,303)**	**(1,164,619)**	**(23,292)**
III Cash flows from financing activities:				
Proceeds from debt borrowing	219,500	192,300	149,795	2,671
Repayments of debt	(212,112)	(204,508)	(167,064)	(2,581)
Proceeds from issuance of foundation funds	100,000	50,000	100,000	1,217
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Others, net	19,573	4,616	13,011	238
Net cash provided by (used in) financing activities	**73,452**	**(11,242)**	**43,253**	**894**
IV Effect of exchange rate changes on cash and cash equivalents	**(4,085)**	**(2,035)**	**(9,394)**	**(50)**
V Net (decrease) increase in cash and cash equivalents	**(29,507)**	**(513,447)**	**297,619**	**(359)**
VI Cash and cash equivalents at the beginning of the year	**736,931**	**1,250,378**	**952,759**	**8,966**
VII Cash and cash equivalents at the end of the year	**¥ 707,424**	**¥ 736,931**	**¥ 1,250,378**	**$ 8,607**

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

5. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and Consolidated 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, 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 ministerial ordinances and guidance. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are in compliance with such requirements. The information provided in the consolidated financial statements including the notes to the consolidated financial statements is limited to that required by Japanese laws and regulations. Amounts of less than one million yen 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 now presented as accumulated other comprehensive income.
2) The item that was previously presented as total valuations, conversions, and others is now presented as total accumulated other comprehensive income.

As of March 31, 2010, a consolidated statement of comprehensive income is not required as a part of the basic financial statements under the Companies Act of Japan and, accordingly, is not presented herein.

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 U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥82.19=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2012. The inclusion of such U.S. 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 U.S. dollars at ¥82.19=U.S.$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, 2012, 2011 and 2010 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, based on total assets, revenues, net income and surplus for the fiscal year ended March 31, 2012, 2011 and 2010 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 results of their operations.

ii) *Affiliates*

Affiliates accounted for under the equity method as of March 31, 2012, 2011 and 2010 are listed as follows:

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

From the fiscal year ended March 31, 2012, Reliance Life Insurance Company Limited became an affiliate accounted for under the equity method because of the Company's acquisition of shares of said company.

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, 2012 are immaterial.

Additionally, Nissay Dowa General Insurance Co., Ltd. was included as an affiliate until the fiscal year ended March 31, 2010, which was removed in 2011 due to the fact of decrease in the percentage of holding shares.

The number of consolidated subsidiaries and affiliates as of March 31, 2012, 2011 and 2010 was as follows:

	2012	2011	2010
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	4	3	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) *Valuation of assets and liabilities of consolidated subsidiaries and affiliates*

The Company applies the mark to market method.

v) *Amortization of goodwill*

Goodwill and the equivalent amount of goodwill from affiliates accounted for under the equity method are amortized under the straight-line method over 20 years.

However, for items that are immaterial, the total amount of goodwill is fully amortized as incurred.

vi) All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits/losses included in assets/liabilities resulting from transactions within the Group is eliminated.

(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 Company (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standard for Financial Instruments" (The Accounting Standards 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. The 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, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).

iv) Investments in subsidiaries and affiliates that are not consolidated nor accounted for by the equity method (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 of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for 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). Other securities are valued using the moving average amount.

Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

Hedge accounting of the Company is applied based on the following method:

1) The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for 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.

(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 was changed for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There was no impact of these changes on the consolidated balance sheet as of March 31, 2011 or the consolidated statement of income for the fiscal year ended March 31, 2011.

The changes were as follows:

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 as having cash outflows projected within the next 15 years have been changed to a sub-group with 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).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and recovery where 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 Company (except for lease assets related to 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.

   Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

   The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

2) The straight-line method based on lease period is used to calculate the depreciation of lease assets related to financial leases where ownership is not transferred.
3) Revaluation of land used in the operations of the Company is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities 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

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over their estimated useful lives as internally determined (3 to 5 years).

(8) Leases

Financial leases, other than from the transfer of ownership, are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). Financial leases where the Company or a consolidated subsidiary is the lessee, ownership is not transferred, and the lease start date is March 31, 2008 or prior, are accounted for under the accounting treatment applied to ordinary operating leases.

For financial leases where the Company or a consolidated subsidiary is the lessor, and ownership is not transferred, if any, the Company recognizes 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 Company is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   i) The allowance for loans 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 (as mentioned at 4) below).
   ii) The allowance for loans 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 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 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 Company records amounts deemed necessary in accordance mainly with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥2,668 million (U.S.$32 million) (including ¥1,761 million (U.S.$21 million) of credits secured and/or guaranteed), ¥3,953 million (including ¥2,507 million of credits secured and/or guaranteed) and ¥14,732 million (including ¥8,327 million of credits secured and/or guaranteed) as of March 31, 2012, 2011 and 2010, respectively.

(10) Accrued bonuses for directors and corporate auditors

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

(11) Accrued retirement benefits

1) Accrued retirement benefits of the 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) The "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. As 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 and minority interests.

(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 program points

From the fiscal year ended March 31, 2011, following the introduction of the points system, a reserve for program points 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 estimated amounts required in the future for supporting the restructurings of closely related companies.

(15) Reserve for loss on disaster

Reserve for loss on disaster is recognized based on estimated expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets.

(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 Company are accounted for by 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 expensed as incurred.

(18) Policy reserves

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

1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures*.
2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures*.

** Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.*

Since the fiscal year ended March 31, 2007, additional amounts to the policy reserves had been accumulated over 5 years to cover a possible deficiency in the amount of the reserve for certain 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, the amount of policy reserves accumulated during the fiscal years ended March 31, 2011 and 2010 were ¥230,037 million and ¥207,970 million, respectively.

(19) Revenue recognition

Regarding revenues of the Company, insurance premiums are recognized when cash is received, and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

(20) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(21) New accounting standards

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 and ¥1,802 million was recorded as asset retirement obligations within other liabilities as of March 31, 2011.

Furthermore, ordinary profit decreased by ¥130 million and surplus before income taxes and minority interests decreased by ¥1,250 million for the fiscal year ended March 31, 2011.

The "Accounting Standard for Business Combination" (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.

The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24), the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24), and the "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No. 14), which was amended to respond to the Accounting Standard and the Guidance, have been applied from the fiscal year ended March 31, 2012.

Due to the resulting revisions to the Ordinance for Enforcement of the Insurance Business Act, the reversal of allowance for doubtful accounts, which had previously been presented under extraordinary gains on the consolidated statement of income, was included in investment income. As a result, ordinary profit increased by ¥5,083 million (U.S.$62 million) but there was no impact on net surplus.

(22) New accounting pronouncements

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

The major changes are as follows:

(a) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that have yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that have yet to be recognized in profit or loss shall be recognized within net assets (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) *Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)*

The revised accounting standard will not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts will be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. Cash and Cash Equivalents

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and deposits" in the consolidated balance sheets as of March 31, 2012, 2011 and 2010 was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Cash and deposits	¥479,071	¥ 688,152	¥ 617,836	$5,829
Call loans	212,300	119,800	146,100	2,583
Monetary receivables purchased	71,991	27,996	85,982	875
Investments in securities	261	5,082	404,360	3
Time deposits with initial term over 3 months to maturity and others	(56,200)	(104,100)	(3,900)	(684)
Cash and cash equivalents	¥707,424	¥ 736,931	¥1,250,378	$8,607

4. Financial Instruments

Regarding the investment of the 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 benefits and other payments 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 investment, the Company mainly uses derivative transactions 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.

The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities against foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The 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.

Securities are mainly 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 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 investment risks.

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

To manage credit risk, the Company has built a thorough monitoring system involving the Assessment Management Department independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment of interest guidelines to ensure the returns the Company 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.

In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitors whether the magnitude of risk stays within an appropriate 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	2012			2011			2010			2012		
	Balance sheet amount (*1)	Market value (*2)	Difference	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)	¥ 250,997	¥ 250,997	¥ —	¥ 423,495	¥ 423,495	¥ —	¥ 369,994	¥ 369,994	¥ —	$ 3,054	$ 3,054	$ —
Available-for-sale securities	250,997	250,997	—	423,495	423,495	—	369,994	369,994	—	3,054	3,054	—
Monetary receivables purchased	883,070	926,722	43,652	1,021,145	1,055,755	34,610	1,152,229	1,162,774	10,545	10,744	11,275	531
Policy-reserve-matching bonds	806,689	850,341	43,652	986,555	1,021,165	34,610	1,055,131	1,065,677	10,545	9,815	10,346	531
Available-for-sale securities	76,381	76,381	—	34,589	34,589	—	97,097	97,097	—	929	929	—
Assets held in trust	—	—	—	—	—	—	10,670	10,670	—	—	—	—
Trading securities	—	—	—	—	—	—	10,670	10,670	—	—	—	—
Securities	36,312,157	37,446,444	1,134,286	34,391,805	35,074,900	683,095	33,622,413	34,151,995	529,582	441,807	455,608	13,801
Trading securities	1,041,876	1,041,876	—	1,182,649	1,182,649	—	1,343,425	1,343,425	—	12,676	12,676	—
Held-to-maturity debt securities	46,921	47,210	289	43,136	43,529	392	44,860	45,221	360	571	574	4
Policy-reserve-matching bonds	17,421,958	18,542,260	1,120,301	16,428,921	17,085,273	656,352	15,780,403	16,304,899	524,496	211,972	225,602	13,631
Investments in subsidiaries and affiliates	7,711	21,406	13,695	7,711	34,062	26,351	81,446	86,172	4,725	94	260	167
Available-for-sale securities	17,793,689	17,793,689	—	16,729,385	16,729,385	—	16,372,276	16,372,276	—	216,495	216,495	—
Loans (*3)	8,626,894	8,889,148	262,253	8,645,321	8,877,642	232,320	8,680,081	8,861,414	181,332	104,963	108,154	3,191
Policy loans	896,161	896,161	—	965,614	965,614	—	1,025,475	1,025,475	—	10,904	10,904	—
Industrial and consumer loans	7,730,733	7,992,987	262,253	7,679,707	7,912,027	232,320	7,654,606	7,835,939	181,332	94,059	97,250	3,191
Derivative financial instruments (*4)	(190,224)	(190,224)	—	(81,099)	(81,099)	—	(101,963)	(101,963)	—	(2,314)	(2,314)	—
Hedge accounting not applied	(81,081)	(81,081)	—	102	102	—	(649)	(649)	—	(987)	(987)	—
Hedge accounting applied	(109,143)	(109,143)	—	(81,201)	(81,201)	—	(101,313)	(101,313)	—	(1,328)	(1,328)	—
Cash received as collateral under securities lending contracts (*5)	¥ (935,584)	¥ (935,584)	¥ —	¥ (1,297,252)	¥ (1,297,252)	¥ —	¥ (1,025,057)	¥ (1,025,057)	¥ —	$ (11,383)	$ (11,383)	$ —

*(*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 fiscal years ended March 31, 2012, 2011 and 2010, the market value is the balance sheet amount after the impairment losses are deducted.*
*(*3) The market values of derivative financial instruments that are 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 because they are accounted for as an integral part of loans that 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 Company's major financial instruments are as follows:

1) Securities, deposits and monetary receivables purchased are treated as securities based on the "Accounting Standard 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

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 benefits range, and expected reimbursement period and interest rate requirements, and others. 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 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 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, and others.

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 ¥121,871 million (U.S.$1,483 million), ¥57,320 million and ¥54,955 million for stocks of subsidiaries and affiliates, and ¥1,031,153 million (U.S.$12,546 million), ¥1,160,417 million and ¥1,233,647 million for available-for-sale securities as of March 31, 2012, 2011 and 2010, respectively.

(4) Matters regarding securities, and others by holding purpose are as follows:

1) Trading securities

Investments in securities for separate accounts are classified as trading securities as of March 31, 2012, 2011, and 2010. In addition, securities managed as trust assets in assets held in trust are also classified as trading securities as of March 31, 2010.

Valuation differences included in profit were losses of ¥11,977 million (U.S.$146 million), ¥32,320 million and ¥9,996 million for securities related to separate accounts for the fiscal years ended March 31, 2012, 2011 and 2010, respectively, and losses of ¥2,479 million for assets held in trust for the fiscal year ended March 31, 2010.

Assets 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	2012			2011			2010			2012		
Type	Balance sheet amount	Market value	Difference	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	¥35,947	¥36,125	¥178	¥29,128	¥29,418	¥290	¥36,172	¥36,687	¥ 514	$437	$440	$ 2
Foreign securities	7,012	7,209	197	7,194	7,356	161	4,669	4,767	97	85	88	2
Subtotal	42,959	43,334	375	36,323	36,774	451	40,842	41,454	611	523	527	5
Market value does not exceed the balance sheet amount												
Domestic bonds	3,533	3,450	(82)	5,033	4,986	(46)	2,021	2,018	(2)	43	42	(1)
Foreign securities	428	425	(3)	1,779	1,767	(12)	1,997	1,748	(248)	5	5	(0)
Subtotal	3,962	3,876	(85)	6,813	6,754	(58)	4,018	3,767	(251)	48	47	(1)
Total	¥46,921	¥47,210	¥289	¥43,136	¥43,529	¥392	¥44,860	¥45,221	¥ 360	$571	$574	$ 4

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	2012			2011			2010			2012		
Type	Balance sheet amount	Market value	Difference	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	¥ 748,842	¥ 792,984	¥ 44,141	¥ 898,628	¥ 934,471	¥ 35,842	¥ 795,158	¥ 809,991	¥ 14,833	$ 9,111	$ 9,648	$ 537
Domestic bonds	17,108,566	18,250,757	1,142,191	14,690,166	15,371,394	681,228	14,092,476	14,642,231	549,755	208,159	222,056	13,897
Foreign securities	68,973	71,780	2,806	80,912	83,598	2,685	37,850	38,957	1,106	839	873	34
Subtotal	17,926,383	19,115,522	1,189,139	15,669,707	16,389,465	719,757	14,925,486	15,491,180	565,694	218,109	232,577	14,468
Market value does not exceed the balance sheet amount												
Monetary receivables purchased	57,846	57,357	(488)	87,926	86,693	(1,232)	259,973	255,685	(4,287)	704	698	(6)
Domestic bonds	231,192	206,831	(24,360)	1,651,047	1,623,521	(27,525)	1,595,851	1,571,991	(23,860)	2,813	2,516	(296)
Foreign securities	13,226	12,890	(336)	6,795	6,758	(36)	54,224	51,719	(2,504)	161	157	(4)
Subtotal	302,265	277,079	(25,185)	1,745,768	1,716,974	(28,794)	1,910,049	1,879,396	(30,653)	3,678	3,371	(306)
Total	¥18,228,648	¥19,392,601	¥1,163,953	¥17,415,476	¥18,106,439	¥690,962	¥16,835,535	¥17,370,576	¥535,041	$221,787	$235,948	$14,162

4) Available-for-sale securities

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

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2012			2011			2010			2012		
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	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	$ —	$ —	$ —
Monetary receivables purchased	2,855	2,860	4	4,283	4,776	492	4,968	5,299	330	35	35	0
Domestic bonds	1,674,703	1,730,635	55,932	1,164,003	1,202,049	38,046	1,144,171	1,179,679	35,508	20,376	21,057	681
Domestic stocks	2,656,417	4,045,867	1,389,449	3,148,031	4,688,174	1,540,143	3,678,202	5,581,643	1,903,440	32,320	49,226	16,905
Foreign securities	7,948,252	8,564,508	616,255	4,021,520	4,264,626	243,106	4,914,184	5,175,585	261,400	96,706	104,204	7,498
Other securities	173,650	181,974	8,324	214,528	222,442	7,914	179,281	188,518	9,237	2,113	2,214	101
Subtotal	12,455,879	14,525,846	2,069,967	8,562,366	10,392,069	1,829,702	9,935,808	12,145,725	2,209,916	151,550	176,735	25,185
Balance sheet amount does not exceed acquisition cost or amortized cost												
Cash and deposits (negotiable certificates of deposit)	251,000	250,997	(2)	413,500	413,495	(4)	355,500	355,494	(5)	3,054	3,054	(0)
Monetary receivables purchased	73,540	73,521	(19)	29,843	29,813	(30)	92,359	91,798	(561)	895	895	(0)
Domestic bonds	55,089	47,378	(7,711)	289,592	286,039	(3,553)	521,534	520,958	(575)	670	576	(94)
Domestic stocks	1,996,221	1,551,305	(444,915)	1,570,642	1,218,335	(352,306)	1,089,525	858,505	(231,019)	24,288	18,875	(5,413)
Foreign securities	1,699,706	1,626,024	(73,682)	5,007,772	4,756,572	(251,200)	2,860,434	2,749,976	(110,458)	20,680	19,784	(896)
Other securities	61,946	45,994	(15,951)	115,617	91,145	(24,472)	141,975	116,910	(25,065)	754	560	(194)
Subtotal	4,137,504	3,595,221	(542,282)	7,426,969	6,795,402	(631,566)	5,061,329	4,693,643	(367,686)	50,341	43,743	(6,598)
Total	¥16,593,383	¥18,121,068	¥1,527,684	¥15,989,335	¥17,187,471	¥1,198,135	¥14,997,138	¥16,839,368	¥1,842,230	$201,891	$220,478	$18,587

** Items with ¥1,031,153 million (U.S.$12,546 million), ¥1,160,417 million and ¥1,233,647 million, whose market values are extremely difficult to determine, as of March 31, 2012, 2011 and 2010, respectively, are not included.*

¥25,760 million (U.S.$313 million) and ¥118,932 million in impairment losses were recognized for items with a market value during the fiscal years ended March 31, 2012 and 2011, respectively.

Regarding stocks (including foreign stocks) with market values of the Company, 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 between 50% and 70% of its acquisition cost.
2. The historical market value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(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, 2012	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)	¥ 251,000	¥ —	¥ —	¥ —	$3,054	$ —	$ —	$ —
Available-for-sale securities	251,000	—	—	—	3,054	—	—	—
Monetary receivables purchased	80,750	11,467	58,414	731,377	982	140	711	8,899
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675	71	140	701	8,890
Available-for-sale securities	74,885	—	837	701	911	—	10	9
Securities	486,042	4,392,223	4,864,014	18,533,837	5,914	53,440	59,180	225,500
Held-to-maturity debt securities	19,580	22,467	500	—	238	273	6	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463	3,864	34,490	22,202	150,000
Available-for-sale securities	148,909	1,535,059	3,038,760	6,205,374	1,812	18,677	36,972	75,500
Loans	1,015,587	2,977,544	2,262,187	1,473,539	12,357	36,228	27,524	17,928
Cash received as collateral under securities lending contracts	935,584	—	—	—	11,383	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥15,033 million (U.S.$183 million) in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

As of March 31, 2011	Millions of Yen			
	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	¥ —	¥ —	¥ —
Available-for-sale securities	423,500	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304
Available-for-sale securities	28,000	5,377	999	837
Securities	877,326	3,125,378	6,061,760	16,505,466
Held-to-maturity debt securities	9,313	32,646	829	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619
Available-for-sale securities	147,407	1,260,165	2,607,976	6,154,846
Loans	1,081,478	3,122,473	2,246,670	1,226,417
Cash received as collateral under securities lending contracts	1,297,252	—	—	—

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

(6) Data on Market Value of Derivative Transactions

a. Hedge accounting not applied

(i) Interest-rate related

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

(ii) Currency-related

						Millions of Yen			Millions of U.S. Dollars
As of March 31						**2012**	**2011**	**2010**	**2012**
Over-the-counter	**Foreign exchange forward contracts**	**Sold**	U.S. Dollar		Contract amount	¥ 889,517	¥ 516,261	¥ 634,512	$10,823
					Over 1 year	—	—	—	—
					Market value	915,837	521,879	650,657	11,143
					Net losses	(26,319)	(5,618)	(16,144)	(320)
			Euro		Contract amount	826,308	229,687	283,451	10,054
					Over 1 year	—	—	—	—
					Market value	857,493	238,922	286,515	10,433
					Net losses	(31,185)	(9,234)	(3,064)	(379)
			Total including others		**Contract amount**	**2,031,020**	**830,415**	**929,378**	**24,711**
					Over 1 year	**—**	**—**	**—**	**—**
					Market value	**2,101,774**	**847,847**	**948,858**	**25,572**
					Net losses	**(70,753)**	**(17,432)**	**(19,479)**	**(861)**
		Purchased	U.S. Dollar		Contract amount	645,014	544,380	656,930	7,848
					Over 1 year	—	—	—	—
					Market value	638,530	553,071	663,713	7,769
					Net (losses) gains	(6,484)	8,691	6,782	(79)
			Euro		Contract amount	574,179	218,635	335,072	6,986
					Over 1 year	—	—	—	—
					Market value	572,727	224,403	338,481	6,968
					Net (losses) gains	(1,451)	5,767	3,409	(18)
			Total including others		**Contract amount**	**1,510,407**	**880,409**	**1,045,417**	**18,377**
					Over 1 year	**—**	**—**	**—**	**—**
					Market value	**1,499,973**	**898,853**	**1,056,385**	**18,250**
					Net (losses) gains	**(10,434)**	**18,444**	**10,968**	**(127)**
	Currency options	**Sold**	**Call**	U.S. Dollar	Contract amount	— [—]	124,725 [149]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	126	—	—
					Net gains	—	23	—	—
				Euro	Contract amount	— [—]	— [—]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Total including others	**Contract amount**	**— [—]**	**124,725 [149]**	**— [—]**	**— [—]**
					Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Market value	**—**	**126**	**—**	**—**
					Net gains	**—**	**23**	**—**	**—**
			Put	U.S. Dollar	Contract amount	— [—]	— [—]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Euro	Contract amount	— [—]	— [—]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Total including others	**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Market value	**—**	**—**	**—**	**—**
					Net gains (losses)	**—**	**—**	**—**	**—**

(ii) Currency-related, continued

As of March 31						Millions of Yen 2012	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars 2012
Over-the-counter	**Currency options**	**Purchased**	**Call**	U.S. Dollar	Contract amount	¥ — [—]	¥ — [—]	¥ — [—]	$ — [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Euro	Contract amount	— [—]	— [—]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Total including others	**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Market value	**—**	**—**	**—**	**—**
					Net gains (losses)	**—**	**—**	**—**	**—**
			Put	U.S. Dollar	Contract amount	— [—]	124,725 [149]	186,080 [4,497]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	46	3,623	—
					Net losses	—	(103)	(873)	—
				Euro	Contract amount	— [—]	— [—]	124,920 [4,109]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	3,275	—
					Net losses	—	—	(834)	—
				Total including others	**Contract amount**	**— [—]**	**124,725 [149]**	**311,000 [8,607]**	**— [—]**
					Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Market value	**—**	**46**	**6,899**	**—**
					Net gains (losses)	**—**	**(103)**	**(1,708)**	**—**
	Currency swaps			U.S. Dollar	Contract amount	—	—	—	—
					Over 1 year	—	—	—	—
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Euro	Contract amount	—	—	—	—
					Over 1 year	—	—	—	—
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Total including others	**Contract amount**	**—**	**—**	**—**	**—**
					Over 1 year	**—**	**—**	**—**	**—**
					Market value	**—**	**—**	**—**	**—**
					Net gains (losses)	**—**	**—**	**—**	**—**
Total					**Net (losses) gains**	**¥ (81,187)**	**¥ 931**	**¥ (10,220)**	**$ (988)**

Notes: 1. [ ] show option fees recorded on balance sheets. However, these option fees already include contracted options as of the balance sheet date.
2. Net gains (losses) shows the difference between the contract amount and market value for forward agreements, the difference between the option fees and market value for option transactions, and the current market value (present value) for swap transactions.

(iii) Stock-related

As of March 31					Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
Exchange	**Stock price index futures**	**Sold**		Contract amount	¥ —	¥ —	¥ —	$ —
				Over 1 year	—	—	—	—
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
		Purchased		Contract amount	5,132	15,341	15,412	62
				Over 1 year	—	—	—	—
				Market value	5,193	14,465	16,345	63
				Net gains (losses)	60	(876)	932	1
Over-the-counter	**Stock options**	**Sold**	**Call**	Contract amount	—	—	—	—
					[—]	[—]	[—]	[—]
				Over 1 year	—	—	—	—
					[—]	[—]	[—]	[—]
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
			Put	Contract amount	—	—	—	—
					[—]	[—]	[—]	[—]
				Over 1 year	—	—	—	—
					[—]	[—]	[—]	[—]
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
		Purchased	**Call**	Contract amount	189	183	91	2
					[65]	[65]	[28]	[1]
				Over 1 year	189	183	91	2
					[65]	[65]	[28]	[1]
				Market value	46	47	29	1
				Net (losses) gains	(18)	(18)	1	(0)
			Put	Contract amount	—	—	—	—
					[—]	[—]	[—]	[—]
				Over 1 year	—	—	—	—
					[—]	[—]	[—]	[—]
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
Total				**Net gains (losses)**	**¥ 41**	**¥ (894)**	**¥ 934**	**$ 0**

Notes: 1. [ ] show option fees recorded on balance sheets. However, these option fees already include contracted options as of the balance sheet date.
2. Net gains (losses) shows the difference between the contract amount and market value for forward agreements and the difference between the option fees and market value for option transactions.

(iv) Bond-related

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

(v) Others

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

b. Hedge accounting applied

(i) Interest-rate related

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

(ii) Currency-related

As of March 31								Millions of Yen 2012	Millions of Yen 2011	Millions of Yen 2010	Millions of U.S. Dollars 2012
Over-the-counter	Mark-to-market hedge accounting	Foreign exchange forward contracts	Sold		U.S. Dollar	Foreign currency-denominated bonds (main hedged items)	Contract amount	¥3,426,983	¥2,959,283	¥2,442,746	$41,696
							Over 1 year	—	—	—	—
							Market value	3,457,044	2,983,723	2,512,911	42,062
							Net losses	(30,060)	(24,439)	(70,164)	(366)
					Euro		Contract amount	380,735	481,865	688,793	4,632
							Over 1 year	—	—	—	—
							Market value	391,763	507,900	687,001	4,767
							Net (losses) gains	(11,028)	(26,035)	1,792	(134)
					Total including others		**Contract amount**	**5,105,036**	**4,817,511**	**4,298,880**	**62,113**
							Over 1 year	**—**	**—**	**—**	**—**
							Market value	**5,204,129**	**4,909,407**	**4,399,250**	**63,318**
							Net losses	**(99,093)**	**(91,895)**	**(100,370)**	**(1,206)**
			Purchased		U.S. Dollar		Contract amount	—	—	—	—
							Over 1 year	—	—	—	—
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Euro		Contract amount	—	—	—	—
							Over 1 year	—	—	—	—
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Total including others		**Contract amount**	**—**	**—**	**—**	**—**
							Over 1 year	**—**	**—**	**—**	**—**
							Market value	**—**	**—**	**—**	**—**
							Net gains (losses)	**—**	**—**	**—**	**—**
		Currency options	Sold	Call	U.S. Dollar		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Euro		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Total including others		**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Market value	**—**	**—**	**—**	**—**
							Net gains (losses)	**—**	**—**	**—**	**—**
				Put	U.S. Dollar		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Euro		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Total including others		**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Market value	**—**	**—**	**—**	**—**
							Net gains (losses)	**—**	**—**	**—**	**—**

(ii) Currency-related, continued

As of March 31								Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
Over-the-counter	**Mark-to-market hedge accounting**	**Currency options**	**Purchased**	**Call**	U.S. Dollar	**Foreign currency-denominated bonds (main hedged items)**	Contract amount	¥ — [—]	¥ — [—]	¥ — [—]	$ — [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Euro		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Total including others		**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Market value	**—**	**—**	**—**	**—**
							Net gains (losses)	**—**	**—**	**—**	**—**
				Put	U.S. Dollar		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Euro		Contract amount	— [—]	— [—]	— [—]	— [—]
							Over 1 year	— [—]	— [—]	— [—]	— [—]
							Market value	—	—	—	—
							Net gains (losses)	—	—	—	—
					Total including others		**Contract amount**	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
							Market value	**—**	**—**	**—**	**—**
							Net gains (losses)	**—**	**—**	**—**	**—**
	Deferred hedge accounting	**Currency swaps**			U.S. Dollar		Contract amount	200,645	64,469	14,694	2,441
							Over 1 year	199,602	64,469	14,694	2,429
							Market value	(6,257)	3,446	(943)	(76)
							Net (losses) gains	(6,257)	3,446	(943)	(76)
					Euro		Contract amount	174,072	88,869	—	2,118
							Over 1 year	174,072	88,869	—	2,118
							Market value	(3,607)	7,277	—	(44)
							Net (losses) gains	(3,607)	7,277	—	(44)
					Total including others		**Contract amount**	**377,367**	**155,987**	**14,694**	**4,591**
							Over 1 year	**376,323**	**155,987**	**14,694**	**4,579**
							Market value	**(10,049)**	**10,694**	**(943)**	**(122)**
							Net (losses) gains	**(10,049)**	**10,694**	**(943)**	**(122)**
Total							**Net losses**	**¥(109,143)**	**¥ (81,201)**	**¥(101,313)**	**$ (1,328)**

Notes: 1. [ ] show option fees recorded on balance sheets. However, these option fees already include contracted options as of the balance sheet date.
2. Net gains (losses) shows the difference between the contract amount and market value for forward agreements, the difference between the option fee and market value for option transactions, and the current market value (present value) for swap transactions.

(iii) Stock-related

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

(iv) Bond-related

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

(v) Others

No ending balance as of March 31, 2012, March 31, 2011 or March 31, 2010.

5. Disclosures about Market Value of Investment and Rental Property

The balance sheet amounts for investment and rental properties were ¥1,150,417 million (U.S.$13,997 million), ¥1,178,321 million and ¥1,202,151 million, with a market value of ¥1,174,168 million (U.S.$14,286 million), ¥1,211,351 million and ¥1,261,479 million as of March 31, 2012, 2011 and 2010, respectively. The Company and certain subsidiary companies own rental office buildings and commercial facilities, the market value of which at year end is the amount measured based mainly on the "Real Estate Appraisal Standards." Asset retirement obligations that were included in the balance sheet amounts of investment and rental properties were ¥504 million (U.S.$6 million) and ¥461 million as of March 31, 2012 and 2011, respectively.

6. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,816,579 million (U.S.$34,269 million), ¥2,541,150 million and ¥1,865,306 million as of March 31, 2012, 2011 and 2010, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥709,179 million (U.S.$8,629 million), ¥1,173,504 million and ¥595,913 million at market value as of March 31, 2012, 2011 and 2010, respectively.

7. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,164,173 million (U.S.$14,164 million), ¥1,154,920 million and ¥1,124,281 million as of March 31, 2012, 2011 and 2010, respectively.

8. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,146,686 million (U.S.$13,952 million), ¥1,311,321 million and ¥1,449,753 million as of March 31, 2012, 2011 and 2010, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in each account balance of consolidated balance sheets.

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Balance at the beginning of the fiscal year	¥1,144,330	¥1,150,140	¥1,215,391	$13,923
Transfer to reserve from surplus in the previous fiscal year	175,513	199,189	130,634	2,135
Dividends to policyholders paid out during the fiscal year	(226,595)	(234,228)	(227,044)	(2,757)
Increase in interest	27,087	29,228	31,160	330
Balance at the end of the fiscal year	¥1,120,336	¥1,144,330	¥1,150,140	$13,631

10. Accrued Retirement Benefits

For non-sales personnel, sales management positions, and others, the Company has in place a defined benefit corporate pension plan and a retirement allowance system, which distributes a lump sum payment on retirement (hereinafter the same), as defined benefit plans, and a defined contribution pension plan as a defined contribution plan.

For sales representatives and others, the Company has in place a retirement allowance system and a corporate pension plan as defined benefit plans.

Furthermore, certain consolidated subsidiaries have in place retirement allowance systems and defined contribution pension plans.

Accrued retirement benefits as of March 31, 2012, 2011 and 2010 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Retirement benefit obligations	¥(698,196)	¥(712,494)	¥(773,186)	$(8,495)
Pension plan assets	267,708	273,962	285,021	3,257
Accrued retirement benefit cost	(430,487)	(438,532)	(488,164)	(5,238)
Unrecognized actuarial differences	9,300	19,324	35,007	113
Unrecognized prior service cost	(18,663)	(23,428)	—	(227)
Accrued retirement benefits	¥(439,850)	¥(442,637)	¥(453,157)	$(5,352)

Basic information for the calculation of accrued retirement benefits is as follows:

Periodic allocation method of estimated retirement benefits	Straight-line
Discount rate	1.6%
Expected rate of return on plan assets	2012: 1.6% 2011 and 2010: 2.5%
Method of amortizing actuarial differences	Amortization occurs 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 cost	Amortization occurs 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, and others, including 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 in unrecognized prior service costs arose. Additionally, the abolishment of part of the retirement benefit system resulted in the recording of ¥2,677 million in losses as extraordinary losses.

Benefit cost of accrued retirement benefits for the fiscal years ended March 31, 2012, 2011 and 2010 was analyzed as follows:

		Millions of Yen		Millions of U.S. Dollars
	2012	2011	2010	2012
Service cost	¥25,812	¥27,246	¥26,338	$314
Interest cost	11,352	12,349	12,428	138
Expected return on plan assets	(4,370)	(7,115)	(6,781)	(53)
Amortization of actuarial differences	8,472	17,242	25,729	103
Amortization of prior service cost	(4,765)	(397)	(6,861)	(58)
(Income) losses from abolishment of part of the retirement benefit system	(92)	2,677	—	(1)
Others	3,108	2,019	1,893	38
Net periodic benefit cost	¥39,516	¥54,022	¥52,747	$481

11. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

12. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.$608 million), ¥50,000 million and ¥50,000 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, 2012, 2011 and 2010, respectively. ¥100,000 million (U.S.$1,217 million), ¥50,000 million and ¥100,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

In addition, a resolution was made at the meeting of the Board of Directors on May 23, 2012, to propose to the annual meeting of the representatives of policyholders to be on July 3 to change a part of the Articles of Incorporation to allow an offering of ¥50,000 million (U.S.$608 million) of foundation funds during the fiscal year ending March 31, 2013.

13. Pledged Assets

Assets pledged as collateral by securities, lease assets, land and buildings as of March 31, 2012 were ¥1,260,121 million (U.S.$15,332 million), ¥6,755 million (U.S.$82 million), ¥2,952 million (U.S.$36 million), and ¥274 million (U.S.$3 million), respectively. The total amount of loans covered by the aforementioned assets was ¥951,867 million (U.S.$11,581 million) as of March 31, 2012.

These amounts included ¥1,083,818 million (U.S.$13,187 million) of securities deposited and ¥946,476 million (U.S.$11,516 million) of cash received as collateral under the securities lending contracts secured by cash as of March 31, 2012.

Assets pledged as collateral by securities, lease assets, land and buildings as of March 31, 2011 were ¥1,351,346 million, ¥8,204 million, ¥2,952 million, and ¥293 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,309,029 million as of March 31, 2011.

These amounts included ¥1,281,496 million of securities deposited and ¥1,301,029 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, lease assets, 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.

14. Investments in Non-Consolidated Subsidiaries

The total amount of stocks and investments in non-consolidated subsidiaries and affiliates were ¥129,583 million (U.S.$1,577 million), ¥65,031 million and ¥136,401 million as of March 31, 2012, 2011 and 2010, respectively.

On March 22, 2012, the Company reached an agreement with Reliance Capital Limited, which is the parent company of Reliance Capital Asset Management Limited, an affiliate of the Reliance Group, to acquire 26% of the shares of Reliance Capital Asset Management Limited.

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 a ¥2,415 million loss on sales of securities for the fiscal year ended March 31, 2011.

15. Loans

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, was ¥49,883 million (U.S.$607 million), ¥51,078 million and ¥52,700 million as of March 31, 2012, 2011 and 2010, respectively.

   i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,042 million (U.S.$37 million) and ¥34,561 million (U.S.$421 million) as of March 31, 2012, ¥3,138 million and ¥36,640 million as of March 31, 2011 and ¥3,250 million and ¥38,915 million as of March 31, 2010.

   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 overdue for a significant period of time 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, 2012, 2011 and 2010.

   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 balances of restructured loans were ¥12,278 million (U.S.$149 million), ¥11,298 million and ¥10,534 million as of March 31, 2012, 2011 and 2010, 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 decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥808 million (U.S.$10 million) and ¥1,860 million (U.S.$23 million) as of March 31, 2012, ¥1,180 million and ¥2,772 million as of March 31, 2011 and ¥11,008 million and ¥3,723 million as of March 31, 2010.

16. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥67,988 million (U.S.$827 million), ¥92,666 million and ¥96,680 million as of March 31, 2012, 2011 and 2010, respectively.

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

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥84,947 million (U.S.$1,034 million), ¥85,971 million and ¥86,842 million as of March 31, 2012, 2011 and 2010, respectively. The amounts contributed to said corporation were recorded within operating expenses for the fiscal year.

18. Impairment Losses

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 in 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, 2012

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥6,619	¥26	¥4,472	¥11,119
Idle property	2,464	—	317	2,781
Total	¥9,084	¥26	¥4,789	¥13,900

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, 2012

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$ 81	$ 0	$54	$135
Idle property	30	—	4	34
Total	$111	$ 0	$58	$169

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.

19. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Deferred tax assets	¥1,093,007	¥1,317,105	¥1,204,069	$13,299
Valuation allowance for deferred tax assets	(81,538)	(77,409)	(57,395)	(992)
Subtotal	1,011,469	1,239,696	1,146,674	12,306
Deferred tax liabilities	(534,997)	(489,190)	(706,808)	(6,509)
Net deferred tax assets/(liabilities)	¥ 476,472	¥ 750,506	¥ 439,865	$ 5,797

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

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Deferred tax assets:				
Policy reserves and other reserves	¥712,417	¥858,059	¥786,731	$8,668
Reserve for price fluctuations in investments in securities	106,193	125,285	143,737	1,292
Accrued retirement benefits	137,252	159,970	163,740	1,670
Allowance for doubtful accounts	6,618	10,995	13,941	81
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥494,953	¥442,434	¥662,165	$6,022

(2) The statutory tax rate was 36.1% for the fiscal years ended March 31, 2012, 2011 and 2010. The main factors in the difference between the statutory tax rate and the effective income tax rate were as follows:

	2012	2011	2010
Reserve for dividends to policyholders	(12.6)%	(25.0)%	(28.5)%
Impact from a change in the tax rate	31.0 %	—	—

(3) In line with the promulgation of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), the statutory tax rate applied to measure deferred tax assets and liabilities was changed from 36.1%. For items that are expected to be collected or paid during the period from April 1, 2012 to March 31, 2015, the rate was changed to 33.2%, and for items that are expected to be collected or paid on or after April 1, 2015, the rate was changed to 30.7%.

As a result of this change, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥61,556 million (U.S.$749 million) and ¥25,001 million (U.S.$304 million), respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,324 million (U.S.$1,062 million) and ¥25,001 million (U.S.$304 million), respectively, and income taxes—deferred increased by ¥148,332 million (U.S.$1,805 million).

20. Other Extraordinary Losses

In the fiscal year ended March 31, 2011, other extraordinary losses include ¥2,677 million of losses from the abolishment of part of the retirement benefit system of the Company associated with revisions in the retirement benefit system for in-house employees, etc.

21. Other Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

(1) Reclassification adjustments relating to other comprehensive income

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities, net of tax:				
Gains arising during the year	¥326,676		$3,975	
Reclassification adjustments to profit or loss	6,037	¥332,713	73	$4,048
Deferred (losses) gains on derivatives under hedge accounting:				
Losses arising during the year	(20,743)		(252)	
Reclassification adjustments to profit or loss	—	(20,743)	—	(252)
Foreign currency translation adjustments:				
Losses arising during the year	(2,671)		(32)	
Reclassification adjustments to profit or loss	—	(2,671)	—	(32)
Share of other comprehensive income of associates accounted for under the equity method:				
Gains arising during the year	1,342		16	
Reclassification adjustments to profit or loss	(95)	1,246	(1)	15
Amount before income tax effect		310,545		3,778
Income tax effect		(23,543)		(286)
Total other comprehensive income		¥287,002		$3,492

(2) Income tax effect relating to other comprehensive income

	Millions of Yen			Millions of U.S. Dollars		
	Before income tax effect	Income tax effect	After income tax effect	Before income tax effect	Income tax effect	After income tax effect
Net unrealized gains on available-for-sale securities, net of tax	¥332,713	¥(55,934)	¥276,778	$4,048	$(681)	$3,368
Deferred (losses) gains on derivatives under hedge accounting	(20,743)	6,941	(13,802)	(252)	84	(168)
Land revaluation differences	—	25,450	25,450	—	310	310
Foreign currency translation adjustments	(2,671)	—	(2,671)	(32)	—	(32)
Share of other comprehensive income of associates accounted for under the equity method	1,246	—	1,246	15	—	15
Total other comprehensive income	¥310,545	¥(23,543)	¥287,002	$3,778	$(286)	$3,492

The components for other comprehensive loss for the year ended March 31, 2011 were not required to be disclosed by the Japanese Insurance Business Act.

Comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of Yen
	2010
Comprehensive income attributable to the Parent Company	¥1,163,155
Comprehensive income attributable to minority interests	899
Total	¥1,164,054

Other comprehensive income for the year ended March 31, 2010 consists of the following:

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

22. Others

The following items are disclosed in the non-consolidated statements and not required to be disclosed in the consolidated statements by the Japanese Insurance Business Act.

- Net Assets Provided for in the Ordinance for Enforcement of the Insurance Business Act
- Policy Reserves for Reinsurance Contracts Provided in Accordance with Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act
- Investment Income and Expenses
- Policy Reserves for Ceded Reinsurance
- Monetary Receivables from/and Monetary Liabilities to Subsidiaries
- Transactions with Subsidiaries

23. Subsequent Events

1) Approval of proposed appropriation of surplus by the annual meeting of the representatives of policyholders

   The non-consolidated proposed appropriations of surplus for the fiscal year ended March 31, 2012 were approved as planned at the annual meeting of the representatives of policyholders held on July 3, 2012.

2) Foundation funds offering of ¥50,000 million

   Following the approval of changes to the Articles of Incorporation at the annual meeting of the representatives of policyholders held on July 3, 2012, in accordance with Article 60 of the Insurance Business Act, foundation funds were offered and payments were made on August 3, 2012, as described below:

a. Total amount of offering	¥50,000 million (U.S.$608 million)
b. Interest rate	From August 4, 2012 to August 3, 2018: 0.87% annually
c. Redemption date	¥50,000 million (U.S.$608 million) to be redeemed on the two business days prior to August 3, 2018
d. Use of funds	Foundation funds for mutual company

3) Completed investment in Reliance Capital Asset Management Limited

   The Company made an investment in Reliance Capital Asset Management Limited of ¥20,679 million (U.S.$252 million)) on August 17, 2012 after completing all relevant procedures, including obtaining approval by the Securities and Exchange Board of India.

Financial Data

6. Non-Consolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
ASSETS:				
Cash and deposits (Note 3)**:**	¥ 422,236	¥ 644,654	¥ 579,855	$ 5,137
Cash	562	872	2,150	7
Deposits	421,673	643,782	577,705	5,130
Call loans	**212,300**	**119,800**	**146,100**	**2,583**
Receivables under securities borrowing transactions	**211,928**	**392,526**	**151,689**	**2,579**
Monetary receivables purchased (Note 3)	**883,070**	**1,021,145**	**1,152,229**	**10,744**
Assets held in trust (Note 3)	—	—	**10,670**	—
Investments in securities (Notes 3, 5, 14 and 15)**:**				
National government bonds	14,668,001	13,360,956	12,490,745	178,465
Local government bonds	1,583,685	1,667,879	1,775,404	19,269
Corporate bonds	3,218,751	3,228,114	3,573,079	39,162
Domestic stocks	6,071,844	6,497,618	7,214,491	73,876
Foreign securities	11,608,261	10,452,770	9,421,573	141,237
Other securities	372,215	467,406	474,099	4,529
Subtotal	**37,522,761**	**35,674,745**	**34,949,393**	**456,537**
Loans (Notes 3, 16 and 17)**:**				
Policy loans	896,347	965,794	1,025,658	10,906
Industrial and consumer loans	7,825,262	7,777,595	7,745,149	95,209
Subtotal	**8,721,609**	**8,743,389**	**8,770,808**	**106,115**
Tangible fixed assets (Notes 4, 6, 14 and 22)**:**				
Land	1,198,419	1,202,499	1,208,797	14,581
Buildings	515,114	523,417	534,557	6,267
Lease assets	3,205	4,652	2,917	39
Construction in progress	13,500	23,014	26,238	164
Other tangible fixed assets	20,163	13,659	16,404	245
Subtotal	**1,750,402**	**1,767,242**	**1,788,915**	**21,297**
Intangible fixed assets:				
Software	110,219	72,718	74,367	1,341
Other intangible fixed assets	89,952	124,064	110,940	1,094
Subtotal	**200,172**	**196,783**	**185,307**	**2,435**
Reinsurance receivables	**222**	**319**	**300**	**3**
Other assets:				
Accounts receivable	268,391	184,386	171,633	3,265
Prepaid expenses	9,822	10,079	9,075	120
Accrued income	220,629	222,000	217,189	2,684
Money on deposit	39,638	40,926	42,639	482
Deposits for futures transactions	5,182	5,153	338	63
Futures transactions variation margin	25	923	—	0
Derivative financial instruments	28,718	29,747	39,251	349
Suspense	13,446	11,165	23,329	164
Other assets	19,049	21,531	21,030	232
Subtotal	**604,904**	**525,916**	**524,486**	**7,360**
Deferred tax assets (Note 23)	**466,934**	**742,040**	**435,027**	**5,681**
Customers' liability for acceptances and guarantees	**26,755**	**21,038**	**14,667**	**326**
Allowance for doubtful accounts	**(13,885)**	**(23,484)**	**(24,606)**	**(169)**
Total assets	**¥51,009,414**	**¥49,826,117**	**¥48,684,846**	**$620,628**

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

As of March 31	2012 (Millions of Yen)	2011 (Millions of Yen)	2010 (Millions of Yen)	2012 (Millions of U.S. Dollars)
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 206,634	¥ 248,568	¥ 222,724	$ 2,514
Policy reserves (Notes 18 and 21)	44,448,079	43,106,896	42,014,375	540,797
Reserve for dividends to policyholders (Note 9)	1,120,336	1,144,330	1,150,140	13,631
Subtotal	**45,775,051**	**44,499,795**	**43,387,241**	**556,942**
Reinsurance payables	**335**	**326**	**326**	**4**
Other liabilities:				
Cash received as collateral under securities lending transactions	935,584	1,297,252	1,025,057	11,383
Loans payable	32	41	52	0
Income taxes payable	—	102,181	—	—
Accounts payable	332,320	383,514	279,758	4,043
Accrued expenses	62,518	60,365	56,821	761
Deferred income	21,730	21,538	22,900	264
Deposits received	101,190	101,450	100,744	1,231
Guarantee deposits received	88,442	91,005	97,222	1,076
Futures transactions variation margin	42	2	1,051	1
Derivative financial instruments	218,942	110,847	141,214	2,664
Lease obligations	4,565	4,974	2,302	56
Asset retirement obligations	2,012	1,802	—	24
Suspense receipts	12,201	13,230	10,288	148
Other liabilities	10,891	36,242	11,192	133
Subtotal	**1,790,476**	**2,224,448**	**1,748,605**	**21,785**
Accrued bonuses for directors and corporate auditors	**53**	**57**	**56**	**1**
Accrued retirement benefits (Note 11)	**437,421**	**440,503**	**451,091**	**5,322**
Accrued retirement benefits for directors and corporate auditors	**4,564**	**5,118**	**5,929**	**56**
Reserve for program points	**7,238**	**4,652**	**—**	**88**
Accrued losses from supporting closely related companies	**397**	**424**	**453**	**5**
Reserve for loss on disaster	**739**	**1,826**	**—**	**9**
Reserve for price fluctuations in investments in securities	**333,710**	**347,003**	**398,011**	**4,060**
Deferred tax liabilities for land revaluation	**142,498**	**171,952**	**174,013**	**1,734**
Acceptances and guarantees	**26,755**	**21,038**	**14,667**	**326**
Total liabilities	**48,519,242**	**47,717,146**	**46,180,396**	**590,330**
NET ASSETS:				
Foundation funds (Note 13)	**300,000**	**250,000**	**250,000**	**3,650**
Reserve for redemption of foundation funds (Note 13)	**900,000**	**850,000**	**800,000**	**10,950**
Reserve for revaluation	**651**	**651**	**651**	**8**
Surplus:				
Legal reserve for deficiencies	11,889	11,193	10,425	145
Other surplus reserves:	330,392	335,242	359,064	4,020
Contingency funds	71,917	71,917	71,917	875
Reserve for social public welfare assistance	213	190	167	3
Reserve for reduction entry of real estate	31,746	31,701	32,140	386
Other reserves	170	170	170	2
Unappropriated surplus	226,344	231,264	254,669	2,754
Total surplus	**342,281**	**346,435**	**369,489**	**4,165**
Total foundation funds and others	**1,542,932**	**1,447,086**	**1,420,140**	**18,773**
Net unrealized gains on available-for-sale securities, net of tax	**1,021,724**	**745,036**	**1,176,023**	**12,431**
Deferred (losses) gains on derivatives under hedge accounting	**(6,969)**	**6,832**	**(602)**	**(85)**
Land revaluation differences	**(67,515)**	**(89,985)**	**(91,111)**	**(821)**
Total valuations, conversions, and others	**947,239**	**661,884**	**1,084,309**	**11,525**
Total net assets	**2,490,171**	**2,108,971**	**2,504,449**	**30,298**
Total liabilities and net assets	**¥51,009,414**	**¥49,826,117**	**¥48,684,846**	**$620,628**

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

7. Non-Consolidated Statements of Income

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2012**	**2011**	**2010**	**2012**
ORDINARY INCOME:				
Revenues from insurance and reinsurance:				
Insurance premiums	¥5,367,387	¥4,895,562	¥4,816,612	$65,305
Reinsurance revenue	885	851	867	11
Subtotal	**5,368,272**	**4,896,413**	**4,817,479**	**65,315**
Investment income (Note 20)**:**				
Interest, dividends, and other income:	1,198,148	1,204,606	1,119,518	14,578
Interest on deposits and savings	285	314	510	3
Interest on securities and dividends	904,267	899,194	797,883	11,002
Interest on loans	185,293	187,415	194,283	2,254
Real estate rental income	85,868	92,155	100,067	1,045
Other income	22,434	25,526	26,773	273
Gain from assets held in trust, net	16	—	27,911	0
Gain on sales of securities	233,923	330,845	185,497	2,846
Gain on redemptions of securities	239	2,120	1,226	3
Gain on derivative financial instruments, net	—	—	19,659	—
Reversal of allowance for doubtful accounts	5,964	—	—	73
Other investment income	2,995	826	1,189	36
Gain from separate accounts, net	18,640	—	200,158	227
Subtotal	**1,459,929**	**1,538,398**	**1,555,160**	**17,763**
Other ordinary income:				
Income from annuity riders	10,328	12,842	8,308	126
Income from deferred benefits	171,335	178,293	193,839	2,085
Reversal of reserve for outstanding claims	41,933	—	—	510
Other ordinary income	23,187	20,903	19,837	282
Subtotal	**246,785**	**212,039**	**221,985**	**3,003**
Total ordinary income	**7,074,986**	**6,646,851**	**6,594,626**	**86,081**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,167,385	1,135,052	1,173,840	14,203
Annuity payments	649,373	568,489	540,285	7,901
Health and other benefits	804,484	830,497	863,421	9,788
Surrender benefits	1,011,204	1,014,833	1,059,647	12,303
Other refunds	252,933	262,853	244,455	3,077
Reinsurance premiums	1,337	1,296	1,330	16
Subtotal	**3,886,720**	**3,813,023**	**3,882,981**	**47,289**
Provision for policy reserves:				
Provision for reserve for outstanding claims	—	25,843	630	—
Provision for policy reserves	1,341,183	1,092,521	1,134,253	16,318
Provision for interest on reserve for dividends to policyholders (Note 9)	27,087	29,228	31,160	330
Subtotal	**1,368,270**	**1,147,592**	**1,166,043**	**16,648**
Investment expenses (Note 20)**:**				
Interest expenses	2,658	2,839	2,137	32
Loss from assets held in trust, net	—	605	—	—
Loss on sales of securities	154,062	253,082	123,658	1,874
Loss on valuation of securities	29,364	140,243	81,808	357
Loss on redemptions of securities	16,265	16,191	12,580	198
Loss on derivative financial instruments, net	157,980	27,178	—	1,922
Foreign exchange losses, net	6,282	7,619	12,876	76
Provision for allowance for doubtful accounts	—	—	13,377	—
Write-off of loans	3	0	153	0
Depreciation of rental real estate and other assets	25,848	26,045	26,405	314
Other investment expenses	21,993	27,296	23,079	268
Loss from separate accounts, net	—	34,818	—	—
Subtotal	**414,459**	**535,921**	**296,078**	**5,043**
Operating expenses (Note 19)	**572,065**	**573,889**	**573,633**	**6,960**
Other ordinary expenses:				
Deferred benefit payments	248,424	237,165	276,138	3,023
Taxes	37,392	34,972	35,562	455
Depreciation	50,511	48,035	44,094	615
Provision for accrued retirement benefits	—	9,469	12,142	—
Other ordinary expenses	15,573	15,687	14,436	189
Subtotal	**351,902**	**345,329**	**382,374**	**4,282**
Total ordinary expenses	**6,593,418**	**6,415,755**	**6,301,112**	**80,222**
Ordinary profit	**¥ 481,568**	**¥ 231,096**	**¥ 293,513**	**$ 5,859**

For the years ended March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 72	¥ 1,588	¥ 1,324	$ 1
Reversal of reserve for price fluctuations in investments in securities	13,293	51,008	—	162
Reversal of allowance for doubtful accounts	—	2,256	—	—
Reversal of reverse for loss on disaster	335	—	—	4
Subtotal	**13,700**	**54,852**	**1,324**	**167**
Extraordinary losses:				
Loss on disposals of fixed assets	7,013	6,476	5,057	85
Impairment losses (Note 22)	13,900	11,756	6,650	169
Provision for reserve for price fluctuations in investments in securities	—	—	25,998	—
Loss on reduction entry of real estate	57	397	332	1
Contributions for assisting social public welfare	1,477	1,477	2,577	18
Provision for reserve for loss on disaster	—	1,826	—	—
Loss from change in accounting standard for asset retirement obligations	—	1,172	—	—
Other extraordinary losses (Note 26)	—	2,677	—	—
Subtotal	**22,449**	**25,782**	**40,614**	**273**
Surplus before income taxes	**472,819**	**260,166**	**254,224**	**5,753**
Income taxes (Notes 12 and 23)**:**				
Current	28,821	118,384	1,320	351
Deferred	222,112	(90,000)	892	2,702
Total income taxes	250,933	28,383	2,212	3,053
Net surplus	**¥221,886**	**¥231,782**	**¥ 252,011**	**$ 2,700**

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

For the years ended March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 13)**:**				
Beginning balance	¥ 250,000	¥ 250,000	¥ 200,000	$ 3,042
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Net change	50,000	—	50,000	608
Ending balance	300,000	250,000	250,000	3,650
Reserve for redemption of foundation funds (Note 13)**:**				
Beginning balance	850,000	800,000	750,000	10,342
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	608
Net change	50,000	50,000	50,000	608
Ending balance	900,000	850,000	800,000	10,950
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	11,193	10,425	9,867	136
Increase/decrease:				
Additions to legal reserve for deficiencies	696	768	558	8
Net change	696	768	558	8
Ending balance	11,889	11,193	10,425	145
Other surplus reserves:				
Contingency funds:				
Beginning balance	71,917	71,917	71,917	875
Increase/decrease				
Net change	—	—	—	—
Ending balance	71,917	71,917	71,917	875
Reserve for social public welfare assistance:				
Beginning balance	190	167	1,244	2
Increase/decrease:				
Additions to reserve for social public welfare assistance	1,500	1,500	1,500	18
Reversal of reserve for social public welfare assistance	(1,477)	(1,477)	(2,577)	(18)
Net change	23	23	(1,077)	0
Ending balance	213	190	167	3
Reserve for reduction entry of real estate:				
Beginning balance	31,701	32,140	32,281	386
Increase/decrease:				
Additions to reserve for reduction entry of real estate	714	590	569	9
Reversal of reserve for reduction entry of real estate	(668)	(1,029)	(710)	(8)
Net change	45	(439)	(141)	1
Ending balance	31,746	31,701	32,140	386
Other reserves:				
Beginning balance	170	170	170	2
Increase/decrease				
Net change	—	—	—	—
Ending balance	170	170	170	2
Unappropriated surplus:				
Beginning balance	231,264	254,669	185,040	2,814
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 9)	(175,513)	(199,189)	(130,634)	(2,135)
Additions to legal reserve for deficiencies	(696)	(768)	(558)	(8)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	221,886	231,782	252,011	2,700
Additions to reserve for social public welfare assistance	(1,500)	(1,500)	(1,500)	(18)
Reversal of reserve for social public welfare assistance	1,477	1,477	2,577	18
Additions to reserve for reduction entry of real estate	(714)	(590)	(569)	(9)
Reversal of reserve for reduction entry of real estate	668	1,029	710	8
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change	(4,919)	(23,405)	69,629	(60)
Ending balance	226,344	231,264	254,669	2,754

For the years ended March 31	Millions of Yen 2012	2011	2010	Millions of U.S. Dollars 2012
Total surplus:				
Beginning balance	¥ 346,435	¥ 369,489	¥ 300,520	$ 4,215
Increase/decrease:				
Additions to reserve for dividends to policyholders	(175,513)	(199,189)	(130,634)	(2,135)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	221,886	231,782	252,011	2,700
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change	(4,154)	(23,053)	68,969	(51)
Ending balance	342,281	346,435	369,489	4,165
Total foundation funds and others:				
Beginning balance	1,447,086	1,420,140	1,251,171	17,607
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Additions to reserve for dividends to policyholders	(175,513)	(199,189)	(130,634)	(2,135)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	221,886	231,782	252,011	2,700
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change	95,845	26,946	168,969	1,166
Ending balance	1,542,932	1,447,086	1,420,140	18,773
Valuations, conversions, and others:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	745,036	1,176,023	259,636	9,065
Increase/decrease:				
Net change, excluding foundation funds and others	276,688	(430,986)	916,386	3,366
Net change	276,688	(430,986)	916,386	3,366
Ending balance	1,021,724	745,036	1,176,023	12,431
Deferred (losses) gains on derivatives under hedge accounting:				
Beginning balance	6,832	(602)	6	83
Increase/decrease:				
Net change, excluding foundation funds and others	(13,802)	7,435	(608)	(168)
Net change	(13,802)	7,435	(608)	(168)
Ending balance	(6,969)	6,832	(602)	(85)
Land revaluation differences:				
Beginning balance	(89,985)	(91,111)	(91,006)	(1,095)
Increase/decrease:				
Net change, excluding foundation funds and others	22,469	1,126	(104)	273
Net change	22,469	1,126	(104)	273
Ending balance	(67,515)	(89,985)	(91,111)	(821)
Total valuations, conversions, and others:				
Beginning balance	661,884	1,084,309	168,636	8,053
Increase/decrease:				
Net change, excluding foundation funds and others	285,355	(422,425)	915,672	3,472
Net change	285,355	(422,425)	915,672	3,472
Ending balance	947,239	661,884	1,084,309	11,525
Total net assets:				
Beginning balance	2,108,971	2,504,449	1,419,807	25,660
Increase/decrease:				
Issuance of foundation funds	100,000	50,000	100,000	1,217
Additions to reserve for dividends to policyholders	(175,513)	(199,189)	(130,634)	(2,135)
Interest on foundation funds	(3,508)	(3,650)	(2,489)	(43)
Net surplus	221,886	231,782	252,011	2,700
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(608)
Reversal of land revaluation differences	2,981	(1,995)	80	36
Net change, excluding foundation funds and others	285,355	(422,425)	915,672	3,472
Net change	381,200	(395,478)	1,084,641	4,638
Ending balance	¥2,490,171	¥2,108,971	¥2,504,449	$30,298

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

9. The Non-Consolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

		Thousands of Yen			Millions of U.S. Dollars
For the years ended March 31		**2012**	**2011**	**2010**	**2012**
Unappropriated surplus	(1)	**¥226,344,537**	**¥231,264,000**	**¥254,669,357**	**$2,753,918**
Reversal from voluntary surplus reserves:		**685,311**	**668,543**	**1,029,560**	**8,338**
Reversal of reserve for reduction entry of real estate		685,311	668,543	1,029,560	8,338
Total		**¥227,029,849**	**¥231,932,543**	**¥255,698,917**	**$2,762,256**
Appropriations:		**¥227,029,849**	**¥231,932,543**	**¥255,698,917**	**$2,762,256**
Reserve for dividends to policyholders	(2)	167,313,298	175,513,864	199,189,981	2,035,689
Net surplus		59,716,550	56,418,678	56,508,935	726,567
Legal reserve for deficiencies	(3)	682,000	696,000	768,000	8,298
Reserve for redemption of foundation funds	(4)	50,000,000	50,000,000	50,000,000	608,347
Interest on foundation funds	(5)	3,930,000	3,508,250	3,650,500	47,816
Voluntary surplus reserves:		5,104,550	2,214,428	2,090,435	62,107
Reserve for social public welfare assistance		1,500,000	1,500,000	1,500,000	18,250
Reserve for reduction entry of real estate		3,604,550	714,428	590,435	43,856
Surplus carried forward		—	—	—	—

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 the 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 the fiscal year ended March 31, 2012 was 98.27%.

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, 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 ministerial 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 disclosure required by the Japanese Commercial Code and the Insurance Business Act, they are not provided herein. The information provided in the non-consolidated financial statements including the notes to the non-consolidated financial statements is limited to that required by Japanese laws and regulations. Amounts of less than one million yen have been eliminated. As a result, totals may not add up exactly. As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of the Company, non-consolidated statements of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

(2) United States dollar amounts

Nippon Life prepares its non-consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥82.19=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2012. The inclusion of such U.S. 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 U.S. dollars at ¥82.19=U.S.$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 which are treated as securities based on the "Accounting Standard for Financial Instruments" (The Accounting Standards 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. The 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, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA).

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 of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for 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). Other securities are valued using the moving average amount.

Unrealized gains/losses, 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 mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for 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 was changed for the purpose of meeting changes in the bond investment environment and enhancing asset/liability management. There was no impact of these changes 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. The changes were as follows:

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 as having cash outflows projected within the next 15 years have been changed to a sub-group with 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).

Foreign currency-denominated available-for-sale securities of the Company, with exchange rates which have significantly fluctuated and where recovery 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 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 are stated at cost, net of accumulated depreciation and impairment losses.

   The estimated useful lives of major items are as follows:

Buildings	2 to 50 years
Other tangible fixed assets	2 to 20 years

2) The straight-line method based on lease period is used to calculate the depreciation of lease assets related to financial leases where ownership is not transferred.
3) Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities 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

Capitalized software for internal use, which is included within intangible fixed assets, is amortized using the straight-line method over their estimated useful lives as internally determined (3 to 5 years).

(6) Leases

Financial leases, other than from the transfer of ownership, are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008 or prior, are accounted for under the accounting treatment applied to ordinary operating leases.

(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 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 (as mentioned at 3) below).
   ii) The allowance for loans 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 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 estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amounts were ¥1,754 million (U.S.$21 million) (including ¥1,114 million (U.S.$14 million) of credits secured and/or guaranteed), ¥2,996 million (including ¥1,961 million of credits secured and/or guaranteed) and ¥13,660 million (including ¥7,760 million of credits secured and/or guaranteed), as of March 31, 2012, 2011 and 2010, respectively.

(8) Accrued bonuses for directors and corporate auditors

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

(9) Accrued retirement benefits

1) Accrued retirement benefits 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) The "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. As 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 program points

From the fiscal year ended March 31, 2011, following the introduction of the points system, a reserve for program points 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 estimated amounts required in the future for supporting the restructurings of closely related companies.

(13) Reserve for loss on disaster

Reserve for loss on disaster is recognized based on estimated expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets.

(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 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 expensed as incurred.

(16) Policy reserves

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

1) Reserves for contracts concluded in or after April 1996, other than those in which factors used as a basis for computing policy reserves and insurance premiums are alterable and those for variable insurance, are computed by the net level premium method based on the assumption rates locked in at the sales and renewal prescribed by the Insurance Business Act and the statement of calculation procedures*.
2) Reserves for other contracts are determined by the net level premium method using the assumption rates locked in at the sales and renewal prescribed by the statement of calculation procedures*.

** Documents approved by the Financial Services Agency that describe the specific calculation methods for insurance premiums and policy reserves.*

Since the fiscal year ended March 31, 2007, additional amounts to the policy reserves had been accumulated over 5 years to cover a possible deficiency in the amount of the reserve for certain 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, the amount of policy reserves accumulated during the fiscal years ended March 31, 2011 and 2010 were ¥230,037 million and ¥207,970 million, respectively.

(17) Revenue recognition

Regarding revenues, insurance premiums are recognized when cash is received, and insurance premiums due but not collected are not recognized as revenues. Unearned insurance premiums are recognized as policy reserves.

(18) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(19) New accounting standards

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 and ¥1,802 million was recorded as asset retirement obligations as of March 31, 2011.

Furthermore, ordinary profit decreased by ¥128 million and surplus before income taxes decreased by ¥1,248 million for the fiscal year ended March 31, 2011.

The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24), the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24), and the "Practical Guidelines on Accounting Standards for Financial Instruments" (JICPA Accounting Practice Committee Statement No. 14), which was amended to respond to the Accounting Standard and the Guidance, have been applied from the fiscal year ended March 31, 2012.

Due to the resulting revisions to the Ordinance for Enforcement of the Insurance Business Act, the reversal of allowance for doubtful accounts, which had previously been presented under extraordinary gains on the non-consolidated statement of income, was included in investment income. As a result, ordinary profit increased by ¥5,964 million (U.S.$73 million) but there was no impact on net surplus.

3. Financial Instruments

Regarding the investment 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 benefits and other payments 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 investment, the Company mainly uses derivative transactions 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.

The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities against foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment ("*Tokurei-shori*") for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting ("*Furiate-shori*") for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies. The 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.

Securities are mainly 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 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 investment risks.

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

To manage credit risk, the Company has built a thorough monitoring system involving the Assessment Management Department independent of the departments handling investment and finance activities. The Company also continues to build a sound portfolio through the establishment of interest guidelines to ensure the returns the Company 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.

In addition, the Company calculates credit value-at-risk as a measurement of the magnitude of credit risk across the Company's portfolio as a whole, and monitors whether the magnitude of risk stays within an appropriate 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	2012			2011			2010			2012		
	Balance sheet amount (*1)	Market value (*2)	Difference	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)	¥ 250,997	¥ 250,997	¥ —	¥ 422,995	¥ 422,995	¥ —	¥ 369,994	¥ 369,994	¥ —	$ 3,054	$ 3,054	$ —
Available-for-sale securities	250,997	250,997	—	422,955	422,955	—	369,994	369,994	—	3,054	3,054	—
Monetary receivables purchased	883,070	926,722	43,652	1,021,145	1,055,755	34,610	1,152,229	1,162,774	10,545	10,744	11,275	531
Policy-reserve-matching bonds	806,689	850,341	43,652	986,555	1,021,165	34,610	1,055,131	1,065,677	10,545	9,815	10,346	531
Available-for-sale securities	76,381	76,381	—	34,589	34,589	—	97,097	97,097	—	929	929	—
Assets held in trust	—	—	—	—	—	—	10,670	10,670	—	—	—	—
Trading securities	—	—	—	—	—	—	10,670	10,670	—	—	—	—
Securities	36,243,953	37,377,929	1,133,975	34,322,587	35,005,427	682,840	33,527,343	34,076,187	548,844	440,978	454,775	13,797
Trading securities	1,041,876	1,041,876	—	1,182,649	1,182,649	—	1,320,539	1,320,539	—	12,676	12,676	—
Held-to-maturity debt securities	14,500	14,479	(21)	16,511	16,648	137	19,522	19,864	341	176	176	(0)
Policy-reserve-matching bonds	17,421,958	18,542,260	1,120,301	16,428,921	17,085,273	656,352	15,780,403	16,304,899	524,496	211,972	225,602	13,631
Investments in subsidiaries and affiliates	7,711	21,406	13,695	7,711	34,062	26,351	62,165	86,172	24,006	94	260	167
Available-for-sale securities	17,757,906	17,757,906	—	16,686,793	16,686,793	—	16,344,712	16,344,712	—	216,059	216,059	—
Loans (*3)	8,710,573	8,976,875	266,301	8,730,667	8,964,979	234,311	8,757,502	8,947,552	190,050	105,981	109,221	3,240
Policy loans	896,161	896,161	—	965,614	965,614	—	1,025,475	1,025,475	—	10,904	10,904	—
Industrial and consumer loans	7,814,412	8,080,713	266,301	7,765,053	7,999,365	234,311	7,732,027	7,922,077	190,050	95,077	98,317	3,240
Derivative financial instruments (*4)	(190,224)	(190,224)	—	(81,099)	(81,099)	—	(101,963)	(101,963)	—	(2,314)	(2,314)	—
Hedge accounting not applied	(81,081)	(81,081)	—	102	102	—	(649)	(649)	—	(987)	(987)	—
Hedge accounting applied	(109,143)	(109,143)	—	(81,201)	(81,201)	—	(101,313)	(101,313)	—	(1,328)	(1,328)	—
Cash received as collateral under securities lending contracts (*5)	¥ (935,584)	¥ (935,584)	¥ —	¥ (1,297,252)	¥ (1,297,252)	¥ —	¥ (1,025,057)	¥ (1,025,057)	¥ —	$ (11,383)	$ (11,383)	$ —

*(*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 fiscal years ended March 31, 2012, 2011 and 2010, the market value is the balance sheet amount after the impairment losses are deducted.*
*(*3) The market values of derivative financial instruments that are 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 because they are accounted for as an integral part of loans that 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 the "Accounting Standard 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

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 benefits range, and expected reimbursement period and interest rate requirements, and others. 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 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 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, and others.

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 ¥247,911 million (U.S.$3,016 million), ¥184,081 million and ¥180,835 million for stocks of subsidiaries and affiliates, and ¥1,030,896 million (U.S.$12,543 million), ¥1,160,076 million and ¥1,233,214 million for available-for-sale securities as of March 31, 2012, 2011 and 2010, respectively.

(4) Matters regarding securities, and others by holding purpose are as follows:

1) Trading securities

Investments in securities for separate accounts are classified as trading securities as of March 31, 2012, 2011, and 2010. In addition, securities managed as trust assets in assets held in trust are also classified as trading securities as of March 31, 2010.

Valuation differences included in profit were losses of ¥11,977 million (U.S.$146 million), ¥32,320 million and ¥9,996 million for securities related to separate accounts for the fiscal years ended March 31, 2012, 2011 and 2010, respectively, and losses of ¥2,479 million for assets held in trust for the fiscal year ended March 31, 2010.

Assets 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	2012			2011			2010			2012		
Type	Balance sheet amount	Market value	Difference	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	¥12,000	¥12,061	¥ 61	¥14,012	¥14,188	¥176	¥19,522	¥19,864	¥341	$146	$147	$1
Market value does not exceed the balance sheet amount												
Domestic bonds	2,499	2,417	(82)	2,499	2,460	(39)	—	—	—	30	29	(1)
Total	¥14,500	¥14,479	¥(21)	¥16,511	¥16,648	¥137	¥19,522	¥19,864	¥341	$176	$176	$(0)

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	2012			2011			2010			2012		
Type	Balance sheet amount	Market value	Difference	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	¥ 748,842	¥ 792,984	¥ 44,141	¥ 898,628	¥ 934,471	¥ 35,842	¥ 795,158	¥ 809,991	¥ 14,833	$ 9,111	$ 9,648	$ 537
Domestic bonds	17,108,566	18,250,757	1,142,191	14,690,166	15,371,394	681,228	14,092,476	14,642,231	549,755	208,159	222,056	13,897
Foreign securities	68,973	71,780	2,806	80,912	83,598	2,685	37,850	38,957	1,106	839	873	34
Subtotal	17,926,383	19,115,522	1,189,139	15,669,707	16,389,465	719,757	14,925,486	15,491,180	565,694	218,109	232,577	14,468
Market value does not exceed the balance sheet amount												
Monetary receivables purchased	57,846	57,357	(488)	87,926	86,693	(1,232)	259,973	255,685	(4,287)	704	698	(6)
Domestic bonds	231,192	206,831	(24,360)	1,651,047	1,623,521	(27,525)	1,595,851	1,571,991	(23,860)	2,813	2,516	(296)
Foreign securities	13,226	12,890	(336)	6,795	6,758	(36)	54,224	51,719	(2,504)	161	157	(4)
Subtotal	302,265	277,079	(25,185)	1,745,768	1,716,974	(28,794)	1,910,049	1,879,396	(30,653)	3,678	3,371	(306)
Total	¥18,228,648	¥19,392,601	¥1,163,953	¥17,415,476	¥18,106,439	¥690,962	¥16,835,535	¥17,370,576	¥535,041	$221,787	$235,948	$14,162

4) Available-for-sale securities

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

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2012			2011			2010			2012		
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	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	$ —	$ —	$ —
Monetary receivables purchased	2,855	2,860	4	4,283	4,776	492	4,968	5,299	330	35	35	0
Domestic bonds	1,669,385	1,725,313	55,928	1,158,509	1,196,553	38,044	1,143,171	1,178,679	35,508	20,311	20,992	680
Domestic stocks	2,656,297	4,045,678	1,389,380	3,147,836	4,687,672	1,539,836	3,678,010	5,581,030	1,903,019	32,319	49,223	16,904
Foreign securities	7,936,643	8,551,825	615,182	4,011,331	4,253,656	242,325	4,903,840	5,164,505	260,665	96,565	104,049	7,485
Other securities	170,767	178,190	7,423	212,419	219,393	6,973	176,370	184,786	8,415	2,078	2,168	90
Subtotal	12,435,950	14,503,868	2,067,918	8,544,381	10,372,053	1,827,671	9,921,362	12,129,301	2,207,938	151,307	176,468	25,160
Balance sheet amount does not exceed acquisition cost or amortized cost												
Cash and deposits (negotiable certificates of deposit)	251,000	250,997	(2)	413,000	412,995	(4)	355,000	354,994	(5)	3,054	3,054	(0)
Monetary receivables purchased	73,540	73,521	(19)	29,843	29,813	(30)	92,359	91,798	(561)	895	895	(0)
Domestic bonds	55,089	47,378	(7,711)	288,593	285,039	(3,553)	519,534	518,958	(575)	670	576	(94)
Domestic stocks	1,996,138	1,551,249	(444,889)	1,570,618	1,218,319	(352,299)	1,089,503	858,490	(231,013)	24,287	18,874	(5,413)
Foreign securities	1,688,081	1,614,767	(73,314)	4,988,547	4,737,693	(250,854)	2,854,106	2,744,707	(109,399)	20,539	19,647	(892)
Other securities	58,887	43,503	(15,383)	112,281	88,463	(23,817)	137,800	113,554	(24,246)	716	529	(187)
Subtotal	4,122,738	3,581,417	(541,320)	7,402,885	6,772,326	(630,559)	5,048,304	4,682,502	(365,801)	50,161	43,575	(6,586)
Total	¥16,558,688	¥18,085,285	¥1,526,597	¥15,947,266	¥17,144,379	¥1,197,112	¥14,969,667	¥16,811,804	¥1,842,136	$201,468	$220,042	$18,574

** Items with ¥1,030,896 million (U.S.$12,543 million), ¥1,160,076 million and ¥1,233,214 million, whose market values are extremely difficult to determine, as of March 31, 2012, 2011 and 2010, respectively, are not included.*

¥25,760 million (U.S.$313 million) and ¥118,932 million in impairment losses were recognized for items with a market value during the fiscal years ended March 31, 2012 and 2011, respectively. Regarding stocks (including foreign stocks) with market values, 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 between 50% and 70% of its acquisition cost.
 2. The historical market value, the business conditions of the issuing company and other aspects are subject to certain requirements.

(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, 2012	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)	¥ 251,000	¥ —	¥ —	¥ —	$ 3,054	$ —	$ —	$ —
Available-for-sale securities	251,000	—	—	—	3,054	—	—	—
Monetary receivables purchased	80,750	11,467	58,414	731,377	982	140	711	8,899
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675	71	140	701	8,890
Available-for-sale securities	74,885	—	837	701	911	—	10	9
Securities	466,975	4,359,385	4,855,700	18,529,429	5,682	53,040	59,079	225,446
Held-to-maturity debt securities	14,500	—	—	—	176	—	—	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463	3,864	34,490	22,202	150,000
Available-for-sale securities	134,923	1,524,689	3,030,946	6,200,965	1,642	18,551	36,877	75,447
Loans	1,035,181	3,030,024	2,273,655	1,476,838	12,595	36,866	27,663	17,969
Cash received as collateral under securities lending contracts	935,584	—	—	—	11,383	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥9,054 million (U.S.$110 million) in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy is not included.

As of March 31, 2011	Millions of Yen			
	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	¥ —	¥ —	¥ —
Available-for-sale securities	423,000	—	—	—
Monetary receivables purchased	46,156	24,737	40,514	909,141
Policy-reserve-matching bonds	18,156	19,360	39,514	908,304
Available-for-sale securities	28,000	5,377	999	837
Securities	848,760	3,097,062	6,054,484	16,502,070
Held-to-maturity debt securities	2,000	14,500	—	—
Policy-reserve-matching bonds	720,605	1,832,566	3,452,955	10,350,619
Available-for-sale securities	126,154	1,249,995	2,601,528	6,151,450
Loans	1,099,703	3,179,704	2,259,429	1,227,933
Cash received as collateral under securities lending contracts	1,297,252	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥19,257 million in loans 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 ¥1,164,127 million (U.S.$14,164 million), ¥1,189,763 million and ¥1,210,242 million, with a market value of ¥1,147,794 million (U.S.$13,965 million), ¥1,189,873 million and ¥1,239,545 million as of March 31, 2012, 2011 and 2010, respectively. The Company owns rental office buildings and commercial facilities, the market value of which at year end is the amount measured based mainly on the "Real Estate Appraisal Standards." Asset retirement obligations that were included in the balance sheet amounts of investment and rental properties were ¥512 million (U.S.$6 million) and ¥463 million as of March 31, 2012 and 2011, respectively.

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥2,816,579 million (U.S.$34,269 million), ¥2,541,150 million and ¥1,865,306 million as of March 31, 2012, 2011 and 2010, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥709,179 million (U.S.$8,629 million), ¥1,173,504 million and ¥595,913 million at market value as of March 31, 2012, 2011 and 2010, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,141,335 million (U.S.$13,887 million), ¥1,125,580 million and ¥1,086,502 million as of March 31, 2012, 2011 and 2010, respectively.

7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,146,686 million (U.S.$13,952 million), ¥1,311,321 million and ¥1,449,753 million as of March 31, 2012, 2011 and 2010, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in each account balance of non-consolidated balance sheets.

8. Monetary Receivables from/and Monetary Liabilities to Subsidiaries

The total amount of credits and debits to subsidiaries as of March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Monetary receivables	¥167,125	¥183,804	¥208,611	$2,033
Monetary liabilities	3,381	3,933	5,540	41

9. Reserve for Dividends to Policyholders

Changes in the reserve for dividends to policyholders included in policy reserves for the fiscal years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Balance at the beginning of the fiscal year	¥1,144,330	¥1,150,140	¥1,215,391	$13,923
Transfer to reserve from surplus in the previous fiscal year	175,513	199,189	130,634	2,135
Dividends to policyholders paid out during the fiscal year	(226,595)	(234,228)	(227,044)	(2,757)
Increase in interest	27,087	29,228	31,160	330
Balance at the end of the fiscal year	¥1,120,336	¥1,144,330	¥1,150,140	$13,631

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 ¥1,015,406 million (U.S.$12,354 million), ¥752,520 million and ¥1,176,071 million as of March 31, 2012, 2011 and 2010, respectively.

11. Accrued Retirement Benefits

Accrued retirement benefits as of March 31, 2012, 2011 and 2010 consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Retirement benefit obligations	¥(695,766)	¥(709,533)	¥(770,393)	$(8,465)
Pension plan assets	267,708	273,178	284,328	3,257
Accrued retirement benefit cost	(428,058)	(436,355)	(486,064)	(5,208)
Unrecognized actuarial differences	9,300	19,280	34,973	113
Unrecognized prior service cost	(18,663)	(23,428)	—	(227)
Accrued retirement benefits	¥(437,421)	¥(440,503)	¥(451,091)	$(5,322)

Basic information for the calculation of accrued retirement benefits is as follows:

Periodic allocation method of estimated retirement benefits	Straight-line
Discount rate	1.6%
Expected rate of return on plan assets	2012: 1.6% 2011 and 2010: 2.5%
Method of amortizing actuarial differences	Amortization occurs 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 cost	Amortization occurs 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, and others, including 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 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 in losses as extraordinary losses.

Benefit cost of accrued retirement benefits for the fiscal years ended March 31, 2012, 2011 and 2010 was analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Service cost	¥25,812	¥27,198	¥26,292	$314
Interest cost	11,352	12,326	12,406	138
Expected return on plan assets	(4,370)	(7,108)	(6,774)	(53)
Amortization of actuarial differences	8,472	17,239	25,727	103
Amortization of prior service cost	(4,765)	(397)	(6,861)	(58)
Losses from abolishment of part of the retirement benefit system	—	2,677	—	—
Others	2,403	1,359	1,348	29
Net periodic benefit cost	¥38,905	¥53,295	¥52,139	$473

12. Income Taxes

The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying the enacted statutory tax rates to the temporary differences.

13. Foundation Funds

Foundation funds serve as the primary source of capital for Japanese mutual life insurance companies. These funds are similar to loans, as interest payments, maturity dates and other items must be established at the time of the offering. In the event of a bankruptcy or similar development, repayment of the principal and interest of foundation funds is subordinated to the repayment of amounts owed to ordinary creditors and insurance claims and benefit payments owed to policyholders. Upon redemption of foundation funds, mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, equal to the amount redeemed. As a result, the full amount of foundation funds remains in net assets even after redemption. Foundation funds are therefore positioned as a mutual company's core capital, which is equivalent to the stated capital of a joint-stock company. The Company redeemed ¥50,000 million (U.S.$608 million), ¥50,000 million and ¥50,000 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, 2012, 2011 and 2010, respectively. ¥100,000 million (U.S.$1,217 million), ¥50,000 million and ¥100,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

14. Pledged Assets

Assets pledged as collateral by securities, land and buildings as of March 31, 2012 were ¥1,260,121 million (U.S.$15,332 million), ¥2,952 million (U.S.$36 million), and ¥274 million (U.S.$3 million), respectively. The total amount of loans covered by the aforementioned assets was ¥946,508 million (U.S.$11,516 million) as of March 31, 2012.

These amounts included ¥1,083,818 million (U.S.$13,187 million) of securities deposited and ¥946,476 million (U.S.$11,516 million) of cash received as collateral under the securities lending contracts secured by cash as of March 31, 2012.

Assets pledged as collateral by securities, land and buildings as of March 31, 2011 were ¥1,351,346 million, ¥2,952 million, and ¥293 million, respectively. The total amount of loans covered by the aforementioned assets was ¥1,301,070 million as of March 31, 2011.

These amounts included ¥1,281,496 million of securities deposited and ¥1,301,029 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.

15. Investments in Subsidiaries

The total amounts of stocks and investments in subsidiaries were ¥255,622 million (U.S.$3,110 million), ¥191,792 million and ¥243,000 million as of March 31, 2012, 2011 and 2010, respectively.

On March 22, 2012, the Company reached an agreement with Reliance Capital Limited, which is the parent company of Reliance Capital Asset Management Limited, an affiliate of the Reliance Group, to acquire 26% of the shares of Reliance Capital Asset Management Limited.

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., the then 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 a ¥12,898 million gain on sales of securities for the fiscal year ended March 31, 2011.

16. Loans

(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, was ¥42,589 million (U.S.$518 million), ¥42,669 million and ¥42,056 million as of March 31, 2012, 2011 and 2010, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥3,018 million (U.S.$37 million) and ¥33,532 million (U.S.$408 million) as of March 31, 2012, ¥3,127 million and ¥35,301 million as of March 31, 2011 and ¥3,222 million and ¥36,524 million as of March 31, 2010.

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 overdue for a significant period of time 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, 2012, 2011 and 2010.

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 balances of restructured loans were ¥6,038 million (U.S.$73 million), ¥4,240 million and ¥2,309 million as of March 31, 2012, 2011 and 2010, 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 decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥752 million (U.S.$9 million) and ¥1,001 million (U.S.$12 million) as of March 31, 2012, ¥1,035 million and ¥1,961 million as of March 31, 2011 and ¥10,849 million and ¥2,810 million as of March 31, 2010.

17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥137,032 million (U.S.$1,667 million), ¥122,666 million and ¥108,580 million as of March 31, 2012, 2011 and 2010, respectively.

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

The amounts of policy reserves provided for the portion of reinsurance (hereafter referred to as "policy reserves for ceded reinsurance") as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act were ¥164 million (U.S.$2 million), ¥163 million and ¥198 million as of March 31, 2012, 2011 and 2010, respectively.

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

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amounts applied to the Company were estimated to be ¥84,947 million (U.S.$1,034 million), ¥85,971 million and ¥86,842 million as of March 31, 2012, 2011 and 2010, respectively. The amounts contributed to said corporation were recorded within operating expenses for the fiscal year.

20. Investment Income and Expenses

The major components of gain on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Domestic bonds including national government bonds	¥ 43,709	¥ 35,190	¥ 17,010	$ 532
Domestic stocks	68,433	149,815	102,209	833
Foreign securities	121,780	145,839	66,277	1,482

The major components of loss on sales of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Domestic bonds including national government bonds	¥ 138	¥ 7,148	¥ 1,306	$ 2
Domestic stocks	34,992	18,628	19,258	426
Foreign securities	118,926	227,306	103,093	1,447

The major components of loss on valuation of securities were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Domestic stocks	¥26,206	¥119,372	¥ 4,809	$319
Foreign securities	2,702	20,335	75,857	33

Gain or loss on derivative financial instruments, net, included net valuation losses of ¥84,089 million (U.S.$1,023 million) and gains of ¥6,503 million and ¥77,626 million for the fiscal years ended March 31, 2012, 2011 and 2010, respectively. Gain or loss from assets held in trust, net, included net valuation gains of ¥2,479 million and ¥79,793 million for the fiscal years ended March 31, 2011 and 2010, respectively.

21. Policy Reserves for Ceded Reinsurance

Provision for/reversal of policy reserves for ceded reinsurance that was deducted from/added to the calculation of provision for policy reserves was a provision of ¥1 million (U.S.$0 million), a reversal of ¥34 million and a provision of ¥7 million for the fiscal years ended March 31, 2012, 2011 and 2010, respectively.

22. Impairment Losses

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 in 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, 2012

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥6,619	¥ 26	¥4,472	¥11,119
Idle property	2,464	—	317	2,781
Total	¥9,084	¥ 26	¥4,789	¥13,900

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, 2012

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$ 81	$ 0	$54	$135
Idle property	30	—	4	34
Total	$111	$ 0	$58	$169

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.

23. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Deferred tax assets	¥1,082,260	¥1,306,890	¥1,203,884	$13,168
Valuation allowance for deferred tax assets	(81,422)	(77,081)	(65,749)	(991)
Subtotal	1,000,838	1,229,809	1,138,135	12,177
Deferred tax liabilities	(533,903)	(487,768)	(703,107)	(6,496)
Net deferred tax assets/ (liabilities)	¥ 466,934	¥ 742,040	¥ 435,027	$ 5,681

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

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Deferred tax assets:				
Policy reserves and other reserves	¥712,374	¥858,041	¥786,701	$8,667
Reserve for price fluctuations in investments in securities	106,193	125,285	143,737	1,292
Accrued retirement benefits	136,388	159,043	162,907	1,659
Allowance for doubtful accounts	5,386	9,908	12,326	66
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥494,409	¥441,773	¥662,894	$6,015

(2) The statutory tax rate was 36.1% for the fiscal years ended March 31, 2012, 2011 and 2010. The main factors in the difference between the statutory tax rate and the effective income tax rate were as follows:

	2012	2011	2010
Reserve for dividends to policyholders	(12.8)%	(24.4)%	(28.3)%
Loss on valuation of securities	—	—	(4.6)
Impact from a change in the tax rate	31.3 %	—	—

(3) In line with the promulgation of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), the statutory tax rate applied to measure deferred tax assets and liabilities was changed from 36.1%. For items that are expected to be collected or paid during the period from April 1, 2012 to March 31, 2015, the rate was changed to 33.2%, and for items that are expected to be collected or paid on or after April 1, 2015, the rate was changed to 30.7%.

As a result of this change, as of March 31, 2012, deferred tax assets and deferred tax liabilities for land revaluation decreased by ¥61,157 million (U.S.$744 million) and ¥25,001 million (U.S.$304 million), respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,305 million (U.S.$1,062 million) and ¥25,001 million (U.S.$304 million), respectively, and income taxes—deferred increased by ¥147,915 million (U.S.$1,800 million).

24. Transactions with Subsidiaries

The total income and expenses from transactions with subsidiaries for the fiscal years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2012	2011	2010	2012
Total income	¥ 8,309	¥ 5,667	¥26,024	$101
Total expenses	32,275	32,344	38,910	393

25. Transactions with Related Parties

For the fiscal years ended March 31, 2012, 2011 and 2010

Subsidiaries	
Type:	Subsidiaries
Company Name:	Nissay Credit Guarantee Co., Ltd.
Location:	Osaka
Capital as of March 31, 2012:	¥950 million (U.S.$12 million)
March 31, 2011:	¥950 million
March 31, 2010:	¥950 million
Main Business:	Debt guarantee services
Percentage of Shareholder Voting Rights as of March 31, 2012:	Direct 87.3% Indirect 6.3%
March 31, 2011:	Direct 87.3% Indirect 6.3%
March 31, 2010:	Direct 78.7% Indirect 6.3%
Nature of Relationship between Parties:	Debt guarantee, etc.
	Interlocking directors, etc.
Details of Transaction: Debt guarantees of Nippon Life's loans*	
Balance as of March 31, 2012:	¥513,616 million (U.S.$6,249 million)
March 31, 2011:	¥536,027 million
March 31, 2010:	¥549,269 million

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

26. Other Extraordinary Losses

In the fiscal year ended March 31, 2011, other extraordinary losses are losses from the abolishment of part of the retirement benefit system associated with revisions in the retirement benefit system for in-house employees, etc.

27. Subsequent Events

1) Approval of proposed appropriation of surplus by the annual meeting of the representatives of policyholders

The non-consolidated proposed appropriations of surplus for the fiscal year ended March 31, 2012 were approved as planned at the annual meeting of the representatives of policyholders held on July 3, 2012.

2) Foundation funds offering of ¥50,000 million

Following the approval of changes to the Articles of Incorporation at the annual meeting of the representatives of policyholders held on July 3, 2012, in accordance with Article 60 of the Insurance Business Act, foundation funds were offered and payments were made on August 3, 2012, as described below:

a. Total amount of offering	¥50,000 million (U.S.$608 million)
b. Interest rate	From August 4, 2012 to August 3, 2018: 0.87% annually
c. Redemption date	¥50,000 million (U.S.$608 million) to be redeemed on the two business days prior to August 3, 2018
d. Use of funds	Foundation funds for mutual company

3) Completed investment in Reliance Capital Asset Management Limited

The Company made an investment in Reliance Capital Asset Management Limited of ¥20,679 million (U.S.$252 million)) on August 17, 2012 after completing all relevant procedures, including obtaining approval by the Securities and Exchange Board of India.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Nippon Life Insurance Company and consolidated subsidiaries as of March 31, 2012, 2011 and 2010, and the related consolidated statements of income for each of the three years in the period ended March 31, 2012, the consolidated statements of comprehensive income (loss) for each of the two years in the period ended March 31, 2012, and the consolidated statements of changes in net assets, and cash flows for each of the three years in the period ended March 31, 2012, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Life Insurance Company and consolidated subsidiaries as of March 31, 2012, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2012, in conformity with the applicable Japanese laws and regulations and accounting principles generally accepted in Japan.

As explained in Note 1 (1), the information provided in the consolidated financial statements including notes to the consolidated financial statements is limited to that required by Japanese laws and regulations.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 23, 2012
(August 17, 2012 as to Note 23)

Member of
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Life Insurance Company:

We have audited the accompanying non-consolidated balance sheets of Nippon Life Insurance Company as of March 31, 2012, 2011 and 2010, and the related non-consolidated statements of income, and changes in net assets, and the non-consolidated proposed appropriations of surplus for the years then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Life Insurance Company as of March 31, 2012, 2011 and 2010, and the results of its operations for the years then ended in conformity with the applicable Japanese laws and regulations and accounting principles generally accepted in Japan.

As explained in Note 1 (1), the information provided in the non-consolidated financial statements including notes to the non-consolidated financial statements is limited to that required by Japanese laws and regulations.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 21, 2012
(August 17, 2012 as to Note 27)

Member of
Deloitte Touche Tohmatsu Limited