CHAPTER 5

Financial Data

CONSOLIDATED FINANCIAL STATEMENTS

NONCONSOLIDATED FINANCIAL STATEMENTS

✳ All figures are rounded down to the nearest unit.

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Balance Sheets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2013**	**2012**	**2011**	**2013**
ASSETS:				
Cash and deposits (Notes 3 and 4)	**¥ 551,338**	**¥ 479,071**	**¥ 688,152**	**$ 5,862**
Call loans (Note 3)	**203,900**	**212,300**	**119,800**	**2,167**
Receivables under securities borrowing transactions	**150,709**	**211,928**	**392,526**	**1,602**
Monetary receivables purchased (Notes 3 and 4)	**756,320**	**883,070**	**1,021,145**	**8,041**
Investments in securities (Notes 3, 4, 6, 14 and 15)	**42,317,119**	**37,465,182**	**35,617,542**	**449,942**
Loans (Notes 4, 16 and 17)	**8,519,927**	**8,639,833**	**8,659,163**	**90,589**
Tangible fixed assets (Notes 5, 7, 14 and 19)**:**	**1,685,475**	**1,770,412**	**1,787,239**	**17,921**
Land	1,144,483	1,199,239	1,203,352	12,168
Buildings	485,268	523,635	532,558	5,159
Lease assets	3,037	3,353	4,568	32
Construction in progress	31,132	13,500	23,014	331
Other tangible fixed assets	21,553	30,683	23,746	229
Intangible fixed assets:	**182,541**	**196,386**	**192,130**	**1,940**
Software	90,319	105,885	67,849	960
Lease assets	18	0	—	0
Other intangible fixed assets	92,203	90,500	124,281	980
Reinsurance receivables	**377**	**485**	**319**	**4**
Other assets	**779,670**	**822,252**	**726,955**	**8,289**
Deferred tax assets (Note 20)	**5,495**	**476,521**	**750,557**	**58**
Customers' liability for acceptances and guarantees	**24,452**	**27,037**	**21,377**	**259**
Allowance for doubtful accounts	**(11,718)**	**(17,569)**	**(26,769)**	**(124)**
Total assets	**¥55,165,611**	**¥51,166,914**	**¥49,950,141**	**$586,556**

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

As of March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 207,375	¥ 208,643	¥ 250,324	$ 2,204
Policy reserves	46,162,817	44,449,394	43,108,223	490,832
Reserve for dividends to policyholders (Note 9)	1,105,093	1,120,336	1,144,330	11,750
Subtotal	**47,475,286**	**45,778,374**	**44,502,877**	**504,787**
Reinsurance payables	**308**	**360**	**326**	**3**
Corporate bonds (Notes 4 and 10)	**157,040**	—	—	**1,669**
Other liabilities	**2,376,234**	**1,960,751**	**2,364,231**	**25,265**
Accrued bonuses for directors and corporate auditors	**52**	**53**	**57**	**0**
Accrued retirement benefits (Note 11)	**435,879**	**439,850**	**442,637**	**4,634**
Accrued retirement benefits for directors and corporate auditors	**4,472**	**4,681**	**5,215**	**47**
Reserve for program points	**9,564**	**7,238**	**4,652**	**101**
Accrued losses from supporting closely related companies	—	**397**	**424**	—
Reserve for loss on disaster	—	**739**	**1,826**	—
Reserve for price fluctuations in investments in securities	**427,529**	**333,710**	**347,003**	**4,545**
Deferred tax liabilities (Note 20)	**124,185**	**50**	**51**	**1,320**
Deferred tax liabilities for land revaluation	**129,132**	**142,498**	**171,952**	**1,373**
Acceptances and guarantees	**24,452**	**27,037**	**21,377**	**259**
Total liabilities	**51,164,139**	**48,695,744**	**47,862,633**	**544,009**
NET ASSETS:				
Foundation funds (Note 13)	**300,000**	**300,000**	**250,000**	**3,189**
Reserve for redemption of foundation funds (Note 13)	**950,000**	**900,000**	**850,000**	**10,101**
Reserve for revaluation	**651**	**651**	**651**	**6**
Consolidated surplus	**424,922**	**379,311**	**380,448**	**4,518**
Total foundation funds and others	**1,675,573**	**1,579,962**	**1,481,099**	**17,815**
Net unrealized gains on available-for-sale securities, net of tax	**2,509,186**	**1,022,171**	**745,362**	**26,679**
Deferred (losses) gains on derivatives under hedge accounting, net of tax	**(74,128)**	**(6,969)**	**6,832**	**(788)**
Land revaluation differences	**(84,481)**	**(67,515)**	**(89,985)**	**(898)**
Foreign currency translation adjustments	**(37,957)**	**(68,619)**	**(67,197)**	**(403)**
Total accumulated other comprehensive income	**2,312,619**	**879,066**	**595,012**	**24,589**
Minority interests	**13,278**	**12,141**	**11,395**	**141**
Total net assets	**4,001,471**	**2,471,169**	**2,087,507**	**42,546**
Total liabilities and net assets	**¥55,165,611**	**¥51,166,914**	**¥49,950,141**	**$586,556**

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 its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
ORDINARY INCOME:				
Revenues from insurance and reinsurance	**¥5,366,675**	**¥5,388,618**	**¥4,917,047**	**$57,061**
Investment income:				
Interest, dividends, and other income	1,221,619	1,203,934	1,212,295	12,989
Gain from assets held in trust, net	13	16	—	0
Gain on sales of securities	192,733	233,980	317,957	2,049
Gain on redemptions of securities	285	239	2,121	3
Foreign exchange gains, net	1,197	—	—	12
Reversal of allowance for doubtful accounts	5,388	5,083	—	57
Other investment income	9,052	3,422	1,582	96
Gain from separate accounts, net	144,611	18,640	—	1,537
Subtotal	**1,574,902**	**1,465,316**	**1,533,957**	**16,745**
Other ordinary income	**259,759**	**313,987**	**278,608**	**2,761**
Total ordinary income	**7,201,337**	**7,167,921**	**6,729,612**	**76,569**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,059,942	1,167,552	1,135,479	11,269
Annuity payments	686,205	649,373	568,489	7,296
Health and other benefits	845,503	819,003	845,898	8,989
Surrender benefits	834,495	1,011,204	1,014,833	8,872
Other refunds	207,332	252,933	262,853	2,204
Reinsurance premiums	1,432	1,506	1,586	15
Subtotal	**3,634,912**	**3,901,575**	**3,829,140**	**38,648**
Provision for policy reserves:				
Provision for reserve for outstanding claims	—	—	25,843	—
Provision for policy reserves	1,714,340	1,341,572	1,092,497	18,227
Provision for interest on reserve for dividends to policyholders (Note 9)	25,830	27,087	29,228	274
Subtotal	**1,740,170**	**1,368,660**	**1,147,569**	**18,502**
Investment expenses:				
Interest expenses	5,130	3,190	3,866	54
Loss from assets held in trust, net	—	—	605	—
Loss on sales of securities	73,090	154,165	255,515	777
Loss on valuation of securities	98,931	29,397	140,460	1,051
Loss on redemptions of securities	30,530	16,352	16,547	324
Loss on derivative financial instruments, net	178,477	159,834	29,732	1,897
Foreign exchange losses, net	—	6,292	7,631	—
Write-offs of loans	395	144	83	4
Depreciation of rental real estate and other assets	24,588	25,211	25,561	261
Other investment expenses	23,369	23,350	28,910	248
Loss from separate accounts, net	—	—	34,818	—
Subtotal	**434,514**	**417,939**	**543,734**	**4,620**
Operating expenses (Note 18)	**584,854**	**590,197**	**590,727**	**6,218**
Other ordinary expenses	**404,651**	**401,707**	**394,453**	**4,302**
Total ordinary expenses	**6,799,103**	**6,680,080**	**6,505,624**	**72,292**
Ordinary profit	**¥ 402,234**	**¥ 487,841**	**¥ 223,987**	**$ 4,276**

For the years ended March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 58,790	¥ 72	¥ 1,588	$ 625
Gain on negative goodwill	—	—	234	—
Reversal of reserve for price fluctuations in investments in securities	—	13,293	51,008	—
Reversal of allowance for doubtful accounts	—	—	2,757	—
Reversal of reserve for loss on disaster	326	335	—	3
Other extraordinary gains (Note 21)	388	92	—	4
Subtotal	**59,505**	**13,793**	**55,587**	**632**
Extraordinary losses:				
Loss on disposals of fixed assets	31,145	7,055	6,558	331
Impairment losses (Note 19)	17,602	13,903	11,756	187
Provision for reserve for price fluctuations in investments in securities	93,819	—	—	997
Loss on reduction entry of real estate	2,531	57	397	26
Contributions for assisting social public welfare	1,477	1,477	—	15
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 22)	—	—	4,158	—
Subtotal	**146,575**	**22,493**	**25,869**	**1,558**
Surplus before income taxes and minority interests	**315,164**	**479,141**	**253,705**	**3,351**
Income taxes (Notes 12 and 20)**:**				
Current	91,617	32,521	120,726	974
Deferred	(25,471)	220,896	(92,893)	(270)
Total income taxes	66,146	253,417	27,833	703
Surplus before minority interests	**249,018**	**225,723**	**225,872**	**2,647**
Minority interests	**1,080**	**819**	**552**	**11**
Net surplus	**¥ 247,937**	**¥ 224,903**	**¥ 225,319**	**$ 2,636**

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

[Consolidated Statements of Comprehensive Income (Loss)]

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
Surplus before minority interests	¥ 249,018	¥225,723	¥ 225,872	$ 2,647
Other comprehensive income (loss) (Note 23):	1,452,577	287,002	(442,966)	15,444
Net unrealized gains on available-for-sale securities, net of tax	1,487,069	276,778	(428,958)	15,811
Deferred (losses) gains on derivatives under hedge accounting, net of tax	(67,159)	(13,802)	7,435	(714)
Land revaluation differences	1,952	25,450	(869)	20
Foreign currency translation adjustments	26,151	(2,671)	(15,993)	278
Share of other comprehensive income (loss) of associates accounted for under the equity method	4,563	1,246	(4,580)	48
Comprehensive income (loss):	1,701,595	512,725	(217,094)	18,092
Comprehensive income (loss) attributable to the Parent Company	1,700,407	511,938	(217,619)	18,079
Comprehensive income attributable to minority interests	¥ 1,188	¥ 787	¥ 525	$ 12

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

3. Consolidated Statements of Changes in Net Assets

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 13)**:**				
Beginning balance	¥ 300,000	¥ 250,000	¥ 250,000	$ 3,189
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Net change	—	50,000	—	—
Ending balance	300,000	300,000	250,000	3,189
Reserve for redemption of foundation funds (Note 13)**:**				
Beginning balance	900,000	850,000	800,000	9,569
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	531
Net change	50,000	50,000	50,000	531
Ending balance	950,000	900,000	850,000	10,101
Reserve for revaluation:				
Beginning balance	651	651	651	6
Increase/decrease				
Net change	—	—	—	—
Ending balance	651	651	651	6
Consolidated surplus:				
Beginning balance	379,311	380,448	409,964	4,033
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 9)	(167,313)	(175,513)	(199,189)	(1,778)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	247,937	224,903	225,319	2,636
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change	45,611	(1,137)	(29,516)	484
Ending balance	424,922	379,311	380,448	4,518
Total foundation funds and others:				
Beginning balance	1,579,962	1,481,099	1,460,616	16,799
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Additions to reserve for dividends to policyholders	(167,313)	(175,513)	(199,189)	(1,778)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	247,937	224,903	225,319	2,636
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change	95,611	98,862	20,483	1,016
Ending balance	1,675,573	1,579,962	1,481,099	17,815

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
Accumulated other comprehensive income (loss):				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	¥1,022,171	¥ 745,362	¥1,178,311	$10,868
Increase/decrease:				
Net change, excluding foundation funds and others	1,487,015	276,808	(432,948)	15,810
Net change	1,487,015	276,808	(432,948)	15,810
Ending balance	2,509,186	1,022,171	745,362	26,679
Deferred (losses) gains on derivatives under hedge accounting, net of tax:				
Beginning balance	(6,969)	6,832	(602)	(74)
Increase/decrease:				
Net change, excluding foundation funds and others	(67,159)	(13,802)	7,435	(714)
Net change	(67,159)	(13,802)	7,435	(714)
Ending balance	(74,128)	(6,969)	6,832	(788)
Land revaluation differences:				
Beginning balance	(67,515)	(89,985)	(91,111)	(717)
Increase/decrease:				
Net change, excluding foundation funds and others	(16,965)	22,469	1,126	(180)
Net change	(16,965)	22,469	1,126	(180)
Ending balance	(84,481)	(67,515)	(89,985)	(898)
Foreign currency translation adjustments:				
Beginning balance	(68,619)	(67,197)	(50,640)	(729)
Increase/decrease:				
Net change, excluding foundation funds and others	30,661	(1,422)	(16,556)	326
Net change	30,661	(1,422)	(16,556)	326
Ending balance	(37,957)	(68,619)	(67,197)	(403)
Total accumulated other comprehensive income:				
Beginning balance	879,066	595,012	1,035,956	9,346
Increase/decrease:				
Net change, excluding foundation funds and others	1,433,552	284,053	(440,943)	15,242
Net change	1,433,552	284,053	(440,943)	15,242
Ending balance	2,312,619	879,066	595,012	24,589
Minority interests:				
Beginning balance	12,141	11,395	11,381	129
Increase/decrease:				
Net change, excluding foundation funds and others	1,137	746	13	12
Net change	1,137	746	13	12
Ending balance	13,278	12,141	11,395	141
Total net assets:				
Beginning balance	2,471,169	2,087,507	2,507,953	26,275
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Additions to reserve for dividends to policyholders	(167,313)	(175,513)	(199,189)	(1,778)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	247,937	224,903	225,319	2,636
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change, excluding foundation funds and others	1,434,690	284,799	(440,929)	15,254
Net change	1,530,301	383,662	(420,446)	16,271
Ending balance	¥4,001,471	¥2,471,169	¥2,087,507	$42,546

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

4. Consolidated Statements of Cash Flows

Nippon Life Insurance Company and its Consolidated Subsidiaries

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
I **Cash flows from operating activities:**				
Surplus before income taxes and minority interests	¥ 315,164	¥ 479,141	¥ 253,705	¥ 3,351
Depreciation of rental real estate and other assets	24,588	25,211	25,561	261
Depreciation	58,308	51,787	49,001	619
Impairment losses	17,602	13,903	11,756	187
Net (decrease) increase in reserve for outstanding claims	(1,597)	(41,590)	25,789	(16)
Net increase in policy reserves	1,713,267	1,341,233	1,092,652	18,216
Provision for interest on reserve for dividends to policyholders	25,830	27,087	29,228	274
Net decrease in allowance for doubtful accounts	(6,455)	(5,403)	(3,767)	(68)
Net (decrease) increase in accrued bonuses for directors and corporate auditors	(0)	(4)	1	(0)
Net decrease in accrued retirement benefits	(3,971)	(2,786)	(10,520)	(42)
Net decrease in accrued retirement benefits for directors and corporate auditors	(209)	(533)	(813)	(2)
Net increase (decrease) in reserve for price fluctuations in investments in securities	93,819	(13,293)	(51,008)	997
Interest, dividends, and other income	(1,221,619)	(1,203,934)	(1,212,295)	(12,989)
Net (gains) losses from assets held in trust	(13)	(16)	605	(0)
Net losses (gains) on investments in securities	9,533	(34,304)	92,430	101
Net loss on policy loans	177,164	198,623	216,969	1,883
Loss on derivative financial instruments, net	178,477	159,834	29,732	1,897
Interest expenses	5,130	3,190	3,866	54
Net foreign exchange (gains) losses	(1,214)	6,201	7,465	(12)
Net (gains) losses on tangible fixed assets	(26,504)	6,495	5,367	(281)
Losses on equity method investments	977	585	38	10
(Gain) loss from separate accounts, net	(144,611)	(18,640)	34,818	(1,537)
Net decrease (increase) in reinsurance receivables	126	(172)	(18)	1
Net (increase) decrease in other assets (excluding those related to investing activities and financial activities)	(35,907)	(8,448)	15,101	(381)
Net (decrease) increase in reinsurance payables	(55)	34	(0)	(0)
Net decrease in other liabilities (excluding those related to investing activities and financing activities)	(10,656)	(6,331)	(2,122)	(113)
Others, net	8,901	(2,347)	10,935	94
Subtotal	**1,176,077**	**975,522**	**624,481**	**12,504**
Interest, dividends, and other income received	1,236,283	1,212,575	1,209,417	13,144
Interest paid	(2,809)	(3,308)	(3,840)	(29)
Dividends to policyholders paid	(198,791)	(202,602)	(210,196)	(2,113)
Others, net	(36)	508	1,335	(0)
Income taxes refund (paid)	9,211	(167,235)	(8,062)	97
Net cash provided by operating activities	**¥ 2,219,934**	**¥ 1,815,460**	**¥ 1,613,134**	**$ 23,603**

For the years ended March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
II Cash flows from investing activities:				
Net decrease (increase) in deposits	¥ 1,999	¥ (2,100)	¥ (200)	$ 21
Net decrease (increase) in receivables under securities borrowing transactions	61,219	180,597	(240,836)	650
Purchases of monetary receivables purchased	(17,500)	(8,000)	(34,623)	(186)
Proceeds from sales and redemptions of monetary receivables purchased	96,487	84,009	89,481	1,025
Proceeds from decrease in assets held in trust	—	—	10,043	—
Purchases of securities	(8,825,996)	(12,567,926)	(19,093,872)	(93,843)
Proceeds from sales and redemptions of securities	7,054,782	11,019,846	16,774,520	75,010
Disbursements for loans	(1,323,328)	(1,515,105)	(1,500,532)	(14,070)
Proceeds from collections of loans	1,294,163	1,351,797	1,331,800	13,760
Net (loss) income from the settlement of derivative financial instruments	(957,401)	11,103	328,511	(10,179)
Net increase (decrease) in cash received as collateral under securities lending transactions	276,436	(361,667)	272,194	2,939
Others, net	(2,936)	(23,286)	25,049	(31)
① Total of investment activities	**(2,342,075)**	**(1,830,732)**	**(2,038,462)**	**(24,902)**
[I + II①]	**[(122,140)]**	**[(15,271)]**	**[(425,327)]**	**[(1,298)]**
Purchases of tangible fixed assets	(55,143)	(55,966)	(43,899)	(586)
Proceeds from sales of tangible fixed assets	114,330	3,075	7,707	1,215
Others, net	(22,517)	(30,711)	(38,649)	(239)
Net cash used in investing activities	**(2,305,404)**	**(1,914,335)**	**(2,113,303)**	**(24,512)**
III Cash flows from financing activities:				
Proceeds from debt borrowing	265,313	219,500	192,300	2,820
Repayments of debt	(259,884)	(212,112)	(204,508)	(2,763)
Proceeds from issuance of corporate bonds	157,040	—	—	1,669
Proceeds from issuance of foundation funds	50,000	100,000	50,000	531
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Others, net	26,345	19,573	4,616	280
Net cash provided by (used in) financing activities	**184,884**	**73,452**	**(11,242)**	**1,965**
IV Effect of exchange rate changes on cash and cash equivalents	**13,945**	**(4,085)**	**(2,035)**	**148**
V Net increase (decrease) in cash and cash equivalents	**113,360**	**(29,507)**	**(513,447)**	**1,205**
VI Cash and cash equivalents at the beginning of the year	**707,424**	**736,931**	**1,250,378**	**7,521**
VII Cash and cash equivalents at the end of the year	**¥ 820,784**	**¥ 707,424**	**¥ 736,931**	**$ 8,727**

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

5. Notes to the Consolidated Financial Statements

Nippon Life Insurance Company and its 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 Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry, and in accordance 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 and one million U.S. dollars have been eliminated. As a result, totals may not add up exactly.

(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 ¥94.05=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2013. 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 ¥94.05=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, 2013, 2012 and 2011, are listed as follows:

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

The major subsidiaries excluded from consolidation are Nissay Card Service Co., Ltd., Nissay Business Service Co., Ltd. and Nissay Trading Corporation.

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 years ended March 31, 2013, 2012 and 2011, are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of Nippon Life and its subsidiaries and the results of their operations.

ii) *Affiliates*

Affiliates accounted for under the equity method as of March 31, 2013, 2012 and 2011, 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)

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, 2013, 2012 and 2011, are immaterial.

The number of consolidated subsidiaries and affiliates as of March 31, 2013, 2012 and 2011, was as follows:

	2013	2012	2011
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	4	3

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 expensed 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 are 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

1) 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
      a. Regarding 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).
      b. Regarding securities of which the market value is extremely difficult to be determined, 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 at cost using the moving average method, net of accumulated amortization (straight-line). Other securities are valued at cost using the moving average method.
2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, 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.

(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 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.

(6) Tangible fixed assets

1) Tangible fixed assets are depreciated based on the following methods:
   a. Tangible fixed assets of the Company (except for lease assets)
      (i) Buildings acquired on or after April 1, 1998 (except for fixtures and structures)
      Straight-line method.
      (ii) Assets other than the above
      Declining balance method.
   b. Lease assets of the Company
      (i) Lease assets related to financial leases where ownership is transferred
      The same depreciation method applied to fixed assets owned by the Company.
      (ii) Lease assets related to financial leases where ownership is not transferred
      Straight-line method based on lease period.
   c. Tangible fixed assets of consolidated subsidiaries
   Depreciated based mainly on the declining balance method in the fiscal year ended March 31, 2013. Depreciated based mainly on the straight-line method in the fiscal years ended March 31, 2012, and 2011.

   The estimated useful lives of major items are as follows:

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

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

   Following tax reforms enacted in Japan in the fiscal year ended March 31, 2012, the Company and its domestic consolidated subsidiaries adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012, to which the declining balance method is applied, from the fiscal year ended March 31, 2013. As a result, ordinary profit and surplus before income taxes and minority interests increased by ¥449 million (U.S.$4 million) in comparison with the previous method.
2) Revaluation of land used in the operations of the Company is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as a deferred tax liability 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.

   The excess of the total book value of this land after revaluation as of March 31, 2013, over the total fair value of land used in operations, as revalued in accordance with Article 10 of the Act on Revaluation of Land as of the same date, was ¥3,351 million (U.S.$35 million).

(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 (5 years).

(8) Leases

Financial leases where ownership is not transferred 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.

Regarding 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 for 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 the disposal of collateral or the 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 the allowance 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 ¥1,570 million (U.S.$16 million) (including ¥757 million (U.S.$8 million) of credits secured and/or guaranteed), ¥2,668 million (including ¥1,761 million of credits secured and/or guaranteed) and ¥3,953 million (including ¥2,507 million of credits secured and/or guaranteed) as of March 31, 2013, 2012 and 2011, 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

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.

(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

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 the estimated amounts required in the future to support 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. The amount of policy reserves provided during the fiscal year ended March 31, 2011, was ¥230,037 million.

(19) 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.

(20) Policy acquisition costs

Policy acquisition costs are recorded to expense as incurred.

(21) New accounting standards

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 Standard 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, is now included in investment income. As a result, ordinary profit increased by ¥5,083 million but there was no impact on net surplus for the fiscal year ended March 31, 2012.

(22) New accounting pronouncements

The main accounting standard that has yet to be adopted by the Company is the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), which are described as follows:

1) Outline

The accounting standard has been amended mainly focusing on the treatment of unrecognized actuarial differences and prior service costs, the determination of retirement benefit obligations and service costs, and the enhancement of disclosures.

2) Planned adoption date

The Company plans to adopt the accounting standard from March 31, 2014. However, the Company plans to adopt the amendment regarding the determination of retirement benefit obligations and service costs from April 1, 2013.

3) Impact of applying this accounting standard

The Company is currently evaluating the monetary impact.

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, 2013, 2012 and 2011, was as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Cash and deposits	¥551,338	¥479,071	¥ 688,152	$5,862
Call loans	203,900	212,300	119,800	2,167
Monetary receivables purchased	56,992	71,991	27,996	605
Investments in securities	62,758	261	5,082	667
Time deposits with initial term over 3 months to maturity and others	(54,205)	(56,200)	(104,100)	(576)
Cash and cash equivalents	¥820,784	¥707,424	¥ 736,931	$8,727

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 has 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 has 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 invests 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 incurring losses 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 the internal 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 which is 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 obtains 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	2013			2012			2011			2013		
	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)	¥ 298,997	¥ 298,997	¥ —	¥ 250,997	¥ 250,997	¥ —	¥ 423,495	¥ 423,495	¥ —	$ 3,179	$ 3,179	$ —
Available-for-sale securities	298,997	298,997	—	250,997	250,997	—	423,495	423,495	—	3,179	3,179	—
Monetary receivables purchased	756,320	810,224	53,904	883,070	926,722	43,652	1,021,145	1,055,755	34,610	8,041	8,614	573
Policy-reserve-matching bonds	698,039	751,943	53,904	806,689	850,341	43,652	986,555	1,021,165	34,610	7,421	7,995	573
Available-for-sale securities	58,281	58,281	—	76,381	76,381	—	34,589	34,589	—	619	619	—
Securities	41,098,992	43,138,884	2,039,891	36,312,157	37,446,444	1,134,286	34,391,805	35,074,900	683,095	436,990	458,680	21,689
Trading securities	1,160,434	1,160,434	—	1,041,876	1,041,876	—	1,182,649	1,182,649	—	12,338	12,338	—
Held-to-maturity debt securities	39,999	40,532	532	46,921	47,210	289	43,136	43,529	392	425	430	5
Policy-reserve-matching bonds	18,905,385	20,908,019	2,002,633	17,421,958	18,542,260	1,120,301	16,428,921	17,085,273	656,352	201,014	222,307	21,293
Investments in subsidiaries and affiliates	7,711	44,436	36,725	7,711	21,406	13,695	7,711	34,062	26,351	81	472	390
Available-for-sale securities	20,985,462	20,985,462	—	17,793,689	17,793,689	—	16,729,385	16,729,385	—	223,130	223,130	—
Loans (*3)	8,511,070	8,830,097	319,026	8,626,894	8,889,148	262,253	8,645,321	8,877,642	232,320	90,495	93,887	3,392
Policy loans	835,281	835,281	—	896,161	896,161	—	965,614	965,614	—	8,881	8,881	—
Industrial and consumer loans	7,675,789	7,994,816	319,026	7,730,733	7,992,987	262,253	7,679,707	7,912,027	232,320	81,613	85,006	3,392
Derivative financial instruments (*4)	(259,261)	(259,261)	—	(190,224)	(190,224)	—	(81,099)	(81,099)	—	(2,756)	(2,756)	—
Hedge accounting not applied	37	37	—	(81,081)	(81,081)	—	102	102	—	0	0	—
Hedge accounting applied	(259,298)	(259,298)	—	(109,143)	(109,143)	—	(81,201)	(81,201)	—	(2,757)	(2,757)	—
Corporate bonds (*3, *5)	(157,040)	(159,039)	(1,999)	—	—	—	—	—	—	(1,669)	(1,691)	(21)
Cash received as collateral under securities lending transactions (*5)	¥ (1,212,021)	¥ (1,212,021)	¥ —	¥ (935,584)	¥ (935,584)	¥ —	¥ (1,297,252)	¥ (1,297,252)	¥ —	$ (12,886)	$ (12,886)	$ —

*(*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, 2013, 2012 and 2011, 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 and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the 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) Corporate bonds and cash received as collateral under securities lending transactions are 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 other characteristics. 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 stock options is measured by the value obtained from financial institutions that are the counterparties in such transactions.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates (TTM) and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. 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 other data.

4) Corporate bonds

Corporate bonds are stated at market value on the balance sheet date.

5) Cash received as collateral under securities lending transactions

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 ¥163,181 million (U.S.$1,735 million), ¥121,871 million and ¥57,320 million for stocks of subsidiaries and affiliates and ¥1,054,945 million (U.S.$11,216 million), ¥1,031,153 million and ¥1,160,417 million for available-for-sale securities as of March 31, 2013, 2012 and 2011, 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, 2013, 2012 and 2011.

Valuation differences included in profit and loss were gains of ¥103,266 million (U.S.$1,097 million), losses of ¥11,977 million and losses of ¥32,320 million for securities related to separate accounts for the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

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	2013			2012			2011			2013		
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	¥28,733	¥28,902	¥169	¥35,947	¥36,125	¥178	¥29,128	¥29,418	¥290	$305	$307	$ 1
Foreign securities	11,142	11,506	363	7,012	7,209	197	7,194	7,356	161	118	122	3
Subtotal	39,876	40,409	532	42,959	43,334	375	36,323	36,774	451	423	429	5
Market value does not exceed the balance sheet amount												
Domestic bonds	—	—	—	3,533	3,450	(82)	5,033	4,986	(46)	—	—	—
Foreign securities	123	123	(0)	428	425	(3)	1,779	1,767	(12)	1	1	(0)
Subtotal	123	123	(0)	3,962	3,876	(85)	6,813	6,754	(58)	1	1	(0)
Total	¥39,999	¥40,532	¥532	¥46,921	¥47,210	¥289	¥43,136	¥43,529	¥392	$425	$430	$ 5

3) Policy-reserve-matching bonds

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

	Millions of Yen									Millions of U.S. Dollars		
As of March 31	2013			2012			2011			2013		
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	¥ 636,067	¥ 690,445	¥ 54,377	¥ 748,842	¥ 792,984	¥ 44,141	¥ 898,628	¥ 934,471	¥ 35,842	$ 6,763	$ 7,341	$ 578
Domestic bonds	18,734,266	20,741,509	2,007,243	17,108,566	18,250,757	1,142,191	14,690,166	15,371,394	681,228	199,194	220,537	21,342
Foreign securities	81,033	85,399	4,366	68,973	71,780	2,806	80,912	83,598	2,685	861	908	46
Subtotal	19,451,366	21,517,353	2,065,986	17,926,383	19,115,522	1,189,139	15,669,707	16,389,465	719,757	206,819	228,786	21,966
Market value does not exceed the balance sheet amount												
Monetary receivables purchased	61,971	61,498	(472)	57,846	57,357	(488)	87,926	86,693	(1,232)	658	653	(5)
Domestic bonds	89,276	80,303	(8,973)	231,192	206,831	(24,360)	1,651,047	1,623,521	(27,525)	949	853	(95)
Foreign securities	810	807	(2)	13,226	12,890	(336)	6,795	6,758	(36)	8	8	(0)
Subtotal	152,057	142,608	(9,448)	302,265	277,079	(25,185)	1,745,768	1,716,974	(28,794)	1,616	1,516	(100)
Total	¥19,603,424	¥21,659,962	¥2,056,538	¥18,228,648	¥19,392,601	¥1,163,953	¥17,415,476	¥18,106,439	¥690,962	$208,436	$230,302	$21,866

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	2013			2012			2011			2013		
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)	¥ 4,000	¥ 4,000	¥ 0	¥ —	¥ —	¥ —	¥ 10,000	¥ 10,000	¥ 0	$ 42	$ 42	$ 0
Monetary receivables purchased	—	—	—	2,855	2,860	4	4,283	4,776	492	—	—	—
Domestic bonds	1,920,976	2,021,542	100,566	1,674,703	1,730,635	55,932	1,164,003	1,202,049	38,046	20,425	21,494	1,069
Domestic stocks	3,004,021	5,396,775	2,392,753	2,656,417	4,045,867	1,389,449	3,148,031	4,688,174	1,540,143	31,940	57,381	25,441
Foreign securities	10,054,172	11,436,744	1,382,572	7,948,252	8,564,508	616,255	4,021,520	4,264,626	243,106	106,902	121,602	14,700
Other securities	354,485	394,323	39,837	173,650	181,974	8,324	214,528	222,442	7,914	3,769	4,192	423
Subtotal	15,337,655	19,253,386	3,915,730	12,455,879	14,525,846	2,069,967	8,562,366	10,392,069	1,829,702	163,079	204,714	41,634
Balance sheet amount does not exceed acquisition cost or amortized cost												
Cash and deposits (negotiable certificates of deposit)	295,000	294,997	(2)	251,000	250,997	(2)	413,500	413,495	(4)	3,136	3,136	(0)
Monetary receivables purchased	58,291	58,281	(10)	73,540	73,521	(19)	29,843	29,813	(30)	619	619	(0)
Domestic bonds	51,193	49,350	(1,843)	55,089	47,378	(7,711)	289,592	286,039	(3,553)	544	524	(19)
Domestic stocks	1,301,986	1,041,216	(260,769)	1,996,221	1,551,305	(444,915)	1,570,642	1,218,335	(352,306)	13,843	11,070	(2,772)
Foreign securities	639,181	624,648	(14,532)	1,699,706	1,626,024	(73,682)	5,007,772	4,756,572	(251,200)	6,796	6,641	(154)
Other securities	25,382	20,860	(4,521)	61,946	45,994	(15,951)	115,617	91,145	(24,472)	269	221	(48)
Subtotal	2,371,034	2,089,354	(281,680)	4,137,504	3,595,221	(542,282)	7,426,969	6,795,402	(631,566)	25,210	22,215	(2,995)
Total	¥17,708,690	¥21,342,741	¥3,634,050	¥16,593,383	¥18,121,068	¥1,527,684	¥15,989,335	¥17,187,471	¥1,198,135	$188,290	$226,929	$38,639

** Securities totaling ¥1,054,945 million (U.S.$11,216 million), ¥1,031,153 million and ¥1,160,417 million, whose market values are extremely difficult to determine, as of March 31, 2013, 2012 and 2011, respectively, are not included.*

¥96,962 million (U.S.$1,030 million) ¥25,760 million and ¥118,932 million in impairment losses were recognized for securities with a market value during the fiscal years ended March 31, 2013, 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, 2013	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):	¥ 299,000	¥ —	¥ —	¥ —	$ 3,179	$ —	$ —	$ —
Available-for-sale securities	299,000	—	—	—	3,179	—	—	—
Monetary receivables purchased:	58,260	10,203	57,658	629,243	619	108	613	6,690
Policy-reserve-matching bonds	1,260	10,203	56,959	628,651	13	108	605	6,684
Available-for-sale securities	57,000	—	698	592	606	—	7	6
Securities:	729,653	4,890,305	5,260,291	20,716,068	7,758	51,996	55,930	220,266
Held-to-maturity debt securities	6,766	32,299	800	—	71	343	8	—
Policy-reserve-matching bonds	329,179	3,048,360	1,943,515	13,457,660	3,500	32,412	20,664	143,090
Available-for-sale securities	393,707	1,809,645	3,315,975	7,258,408	4,186	19,241	35,257	77,176
Loans	980,362	3,015,407	2,067,353	1,607,278	10,423	32,061	21,981	17,089
Corporate bonds	—	—	—	157,040	—	—	—	1,669
Cash received as collateral under securities lending transactions	1,212,021	—	—	—	12,886	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥13,485 million (U.S.$143 million) in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

As of March 31, 2012	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):	¥ 251,000	¥ —	¥ —	¥ —
Available-for-sale securities	251,000	—	—	—
Monetary receivables purchased:	80,750	11,467	58,414	731,377
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675
Available-for-sale securities	74,885	—	837	701
Securities:	486,042	4,392,223	4,864,014	18,533,837
Held-to-maturity debt securities	19,580	22,467	500	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463
Available-for-sale securities	148,909	1,535,059	3,038,760	6,205,374
Loans	1,015,587	2,977,544	2,262,187	1,473,539
Cash received as collateral under securities lending transactions	935,584	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥15,033 million in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are 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 transactions	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 are 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, 2013, March 31, 2012 or March 31, 2011.

(ii) Currency-related

As of March 31						Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
Over-the-counter	**Foreign exchange forward contracts**	**Sold**	U.S. Dollar		Contract amount	¥ 66,544	¥ 889,517	¥ 516,261	$ 707
					Over 1 year	—	—	—	—
					Market value	66,635	915,837	521,879	708
					Net losses	(90)	(26,319)	(5,618)	(0)
			Euro		Contract amount	57,061	826,308	229,687	606
					Over 1 year	—	—	—	—
					Market value	56,717	857,493	238,922	603
					Net gains (losses)	343	(31,185)	(9,234)	3
			Total including others		**Contract amount**	**151,890**	**2,031,020**	**830,415**	**1,614**
					Over 1 year	**—**	**—**	**—**	**—**
					Market value	**151,738**	**2,101,774**	**847,847**	**1,613**
					Net gains (losses)	**151**	**(70,753)**	**(17,432)**	**1**
		Purchased	U.S. Dollar		Contract amount	40,318	645,014	544,380	428
					Over 1 year	—	—	—	—
					Market value	39,993	638,530	553,071	425
					Net (losses) gains	(324)	(6,484)	8,691	(3)
			Euro		Contract amount	36,163	574,179	218,635	384
					Over 1 year	—	—	—	—
					Market value	36,192	572,727	224,403	384
					Net gains (losses)	28	(1,451)	5,767	—
			Total including others		**Contract amount**	**90,556**	**1,510,407**	**880,409**	**962**
					Over 1 year	**—**	**—**	**—**	**—**
					Market value	**90,243**	**1,499,973**	**898,853**	**959**
					Net (losses) gains	**(312)**	**(10,434)**	**18,444**	**(3)**
	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 2013	2012	2011	Millions of U.S. Dollars 2013
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]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	46	—
					Net losses	—	—	(103)	—
				Euro	Contract amount	— [—]	— [—]	— [—]	— [—]
					Over 1 year	— [—]	— [—]	— [—]	— [—]
					Market value	—	—	—	—
					Net gains (losses)	—	—	—	—
				Total including others	**Contract amount**	**— [—]**	**— [—]**	**124,725 [149]**	**— [—]**
					Over 1 year	**— [—]**	**— [—]**	**— [—]**	**— [—]**
					Market value	**—**	**—**	**46**	**—**
					Net losses	**—**	**—**	**(103)**	**—**
	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**	**¥ (161)**	**¥ (81,187)**	**¥ 931**	**$ (1)**

Notes: 1. [ ] show option fees recorded on the 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 2013	Millions of Yen 2012	Millions of Yen 2011	Millions of U.S. Dollars 2013
Exchange	**Stock price index futures**	**Sold**		Contract amount	¥ —	¥ —	¥ —	$ —
				Over 1 year	—	—	—	—
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
		Purchased		Contract amount	11,241	5,132	15,341	119
				Over 1 year	—	—	—	—
				Market value	11,370	5,193	14,465	120
				Net gains (losses)	129	60	(876)	1
Over-the-counter	**Stock forward contracts**	**Sold**		Contract amount	—	—	—	—
				Over 1 year	—	—	—	—
				Market value	11	—	—	0
				Net losses	(11)	—	—	(0)
		Purchased		Contract amount	—	—	—	—
				Over 1 year	—	—	—	—
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
	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	233 [65]	189 [65]	183 [65]	2 [0]
				Over 1 year	190 [55]	189 [65]	183 [65]	2 [0]
				Market value	69	46	47	0
				Net gains (losses)	4	(18)	(18)	0
			Put	Contract amount	— [—]	— [—]	— [—]	— [—]
				Over 1 year	— [—]	— [—]	— [—]	— [—]
				Market value	—	—	—	—
				Net gains (losses)	—	—	—	—
Total				**Net gains (losses)**	**¥ 121**	**¥ 41**	**¥ (894)**	**$ 1**

Notes: 1. [ ] show option fees recorded on the 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, 2013, March 31, 2012 or March 31, 2011.

(v) Others

No ending balance as of March 31, 2013, March 31, 2012 or March 31, 2011.

b. Hedge accounting applied

(i) Interest-rate related

No ending balance as of March 31, 2013, March 31, 2012 or March 31, 2011.

(ii) Currency-related

As of March 31								Millions of Yen 2013	Millions of Yen 2012	Millions of Yen 2011	Millions of U.S. Dollars 2013
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	¥3,726,261	¥3,426,983	¥2,959,283	$39,620
							Over 1 year	—	—	—	—
							Market value	3,812,650	3,457,044	2,983,723	40,538
							Net losses	(86,388)	(30,060)	(24,439)	(918)
					Euro		Contract amount	946,879	380,735	481,865	10,067
							Over 1 year	—	—	—	—
							Market value	945,466	391,763	507,900	10,052
							Net gains (losses)	1,413	(11,028)	(26,035)	15
					Total including others		**Contract amount**	**6,061,628**	**5,105,036**	**4,817,511**	**64,451**
							Over 1 year	**—**	**—**	**—**	**—**
							Market value	**6,213,941**	**5,204,129**	**4,909,407**	**66,070**
							Net losses	**(152,312)**	**(99,093)**	**(91,895)**	**(1,619)**
			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 2013	2012	2011	Millions of U.S. Dollars 2013
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	243,995	200,645	64,469	2,594
							Over 1 year	242,749	199,602	64,469	2,581
							Market value	(48,224)	(6,257)	3,446	(512)
							Net (losses) gains	(48,224)	(6,257)	3,446	(512)
					Euro		Contract amount	279,075	174,072	88,869	2,967
							Over 1 year	279,075	174,072	88,869	2,967
							Market value	(56,394)	(3,607)	7,277	(599)
							Net (losses) gains	(56,394)	(3,607)	7,277	(599)
					Total including others		**Contract amount**	**532,131**	**377,367**	**155,987**	**5,657**
							Over 1 year	**530,884**	**376,323**	**¥155,987**	**5,644**
							Market value	**(106,974)**	**(10,049)**	**10,694**	**(1,137)**
							Net (losses) gains	**(106,974)**	**(10,049)**	**10,694**	**(1,137)**
Total							**Net losses**	**¥(259,287)**	**¥(109,143)**	**¥ (81,201)**	**$(2,756)**

Notes: 1. [ ] show option fees recorded on the balance sheets.
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

No ending balance as of March 31, 2013, March 31, 2012 or March 31, 2011.

(iv) Bond-related

No ending balance as of March 31, 2013, March 31, 2012 or March 31, 2011.

(v) Others

No ending balance as of March 31, 2013, March 31, 2012 or March 31, 2011.

5. Disclosures about Market Value of Investment and Rental Property

The balance sheet amounts for investment and rental properties were ¥1,098,084 million (U.S.$11,675 million), ¥1,150,417 million and ¥1,178,321 million, with a market value of ¥1,081,619 million (U.S.$11,500 million), ¥1,174,168 million and ¥1,211,351 million as of March 31, 2013, 2012 and 2011, 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 ¥391 million (U.S.$4 million), ¥504 million and ¥461 million as of March 31, 2013, 2012 and 2011, respectively.

6. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,129,761 million (U.S.$33,277 million), ¥2,816,579 million and ¥2,541,150 million as of March 31, 2013, 2012 and 2011, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥372,031 million (U.S.$3,955 million), ¥709,179 million and ¥1,173,504 million at market value as of March 31, 2013, 2012 and 2011, respectively.

7. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,139,705 million (U.S.$12,118 million), ¥1,164,173 million and ¥1,154,920 million as of March 31, 2013, 2012 and 2011, respectively.

8. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,238,818 million (U.S.$13,171 million), ¥1,146,686 million and ¥1,311,321 million as of March 31, 2013, 2012 and 2011, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in each account balance of the 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, 2013, 2012 and 2011, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Balance at the beginning of the fiscal year	¥1,120,336	¥1,144,330	¥1,150,140	$11,912
Transfer to reserve from surplus in the previous fiscal year	167,313	175,513	199,189	1,778
Dividends to policyholders paid out during the fiscal year	(208,387)	(226,595)	(234,228)	(2,215)
Increase in interest	25,830	27,087	29,228	274
Balance at the end of the fiscal year	¥1,105,093	¥1,120,336	¥1,144,330	$11,750

10. Corporate Bonds

Corporate bonds of the Company are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

11. Accrued Retirement Benefits

For nonsales personnel, sales management personnel, 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, 2013, 2012 and 2011, consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Retirement benefit obligations	¥(683,722)	¥(698,196)	¥(712,494)	$(7,269)
Pension plan assets	269,678	267,708	273,962	2,867
Accrued retirement benefit cost	(414,044)	(430,487)	(438,532)	(4,402)
Unrecognized actuarial differences	(7,936)	9,300	19,324	(84)
Unrecognized prior service costs	(13,898)	(18,663)	(23,428)	(147)
Accrued retirement benefits	¥(435,879)	¥(439,850)	¥(442,637)	$(4,634)

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

Periodic allocation method of estimated retirement benefits	Straight-line
Discount rate	2013, 2012 and 2011: 1.6%
Expected rate of return on plan assets	2013 and 2012: 1.6% 2011: 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 costs	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 nonsales personnel 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 in the fiscal year ended March 31, 2011.

Benefit cost of accrued retirement benefits for the fiscal years ended March 31, 2013, 2012 and 2011, was analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Service costs	¥25,265	¥25,812	¥27,246	$268
Interest cost	11,132	11,352	12,349	118
Expected return on plan assets	(4,283)	(4,370)	(7,115)	(45)
Amortization of actuarial differences	9,354	8,472	17,242	99
Amortization of prior service costs	(4,765)	(4,765)	(397)	(50)
(Income) losses from abolishment of a part of the retirement benefit system	—	(92)	2,677	—
Others	2,740	3,108	2,019	29
Net periodic benefit cost	¥39,444	¥39,516	¥54,022	$419

12. 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.

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.$531 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, 2013, 2012 and 2011, respectively. ¥50,000 million (U.S.$531 million), ¥100,000 million and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

14. Pledged Assets

Assets pledged as collateral by securities, lease receivables, and investments in leases, land and buildings as of March 31, 2013, were ¥2,134,013 million (U.S.$22,690 million), ¥15,109 million (U.S.$160 million), ¥252 million (U.S.$2 million) and ¥59 million (U.S.$0 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,223,162 million (U.S.$13,005 million) as of March 31, 2013.

These amounts included ¥1,334,903 million (U.S.$14,193 million) of securities deposited and ¥1,212,149 million (U.S.$12,888 million) of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2013.

Assets pledged as collateral by securities, lease receivables, and investments in leases, land and buildings as of March 31, 2012, were ¥1,260,121 million, ¥6,755 million, ¥2,952 million and ¥274 million respectively. The total amount of loans covered by the aforementioned assets was ¥951,867 million as of March 31, 2012.

These amounts included ¥1,083,818 million of securities deposited and ¥946,476 million of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2012.

Assets pledged as collateral by securities, lease receivables, and investments in leases, 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 transactions secured by cash as of March 31, 2011.

15. Investments in Nonconsolidated Subsidiaries

The total amounts of stocks and investments in nonconsolidated subsidiaries and affiliates were ¥170,892 million (U.S.$1,817 million), ¥129,583 million and ¥65,031 million as of March 31, 2013, 2012 and 2011, 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, completed 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.

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 ¥43,153 million (U.S.$458 million), ¥49,883 million and ¥51,078 million as of March 31, 2013, 2012 and 2011, respectively.

   i) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,663 million (U.S.$28 million) and ¥34,890 million (U.S.$370 million) as of March 31, 2013, ¥3,042 million and ¥34,561 million as of March 31, 2012, and ¥3,138 million and ¥36,640 million as of March 31, 2011.

   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, 2013, 2012 and 2011.

   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 ¥5,599 million (U.S.$59 million), ¥12,278 million and ¥11,298 million as of March 31, 2013, 2012 and 2011, 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 ¥495 million (U.S.$5 million) and ¥1,075 million (U.S.$11 million) as of March 31, 2013, ¥808 million and ¥1,860 million as of March 31, 2012, and ¥1,180 million and ¥2,772 million as of March 31, 2011.

17. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥127,665 million (U.S.$1,357 million),¥67,988 million and ¥92,666 million as of March 31, 2013, 2012 and 2011, respectively.

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

Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, 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 ¥86,176 million (U.S.$916 million), ¥84,947 million and ¥85,971 million as of March 31, 2013, 2012 and 2011, respectively. The amounts contributed to said corporation were recorded within operating expenses for the fiscal year.

19. 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, 2013

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥ 8,808	¥1,105	¥4,234	¥14,148
Idle property	1,964	30	1,459	3,453
Total	¥10,772	¥1,135	¥5,693	¥17,602

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, 2013

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$ 93	$11	$45	$150
Idle property	20	0	15	36
Total	$114	$12	$60	$187

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.

20. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Deferred tax assets	¥ 1,129,639	¥1,093,007	¥1,317,105	$ 12,011
Valuation allowance for deferred tax assets	(73,841)	(81,538)	(77,409)	(785)
Subtotal	1,055,798	1,011,469	1,239,696	11,225
Deferred tax liabilities	(1,174,488)	(534,997)	(489,190)	(12,487)
Net deferred tax assets/(liabilities)	¥ (118,690)	¥ 476,472	¥ 750,506	$ (1,261)

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Deferred tax assets:				
Policy reserves and other reserves	¥ 698,811	¥712,417	¥858,059	$ 7,430
Reserve for price fluctuations in investments in securities	135,897	106,193	125,285	1,444
Accrued retirement benefits	135,434	137,252	159,970	1,440
Allowance for doubtful accounts	4,325	6,618	10,995	45
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,133,731	¥494,953	¥442,434	$12,054

(2) The statutory tax rates were 33.2% for the fiscal year ended March 31, 2013, and 36.1% for the fiscal years ended March 31, 2012 and 2011. The main factors in the difference between the statutory tax rates and the effective income tax rates were as follows:

	2013	2012	2011
Reserve for dividends to policyholders	(17.6)%	(12.6)%	(25.0)%
Loss on valuation of securities	1.9 %	—	—
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 and ¥25,001 million, respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,324 million and ¥25,001 million, respectively, and income taxes—deferred increased by ¥148,332 million.

21. Other Extraordinary Gains

In the fiscal year ended March 31, 2013, other extraordinary gains are reversal of accrued losses from supporting closely related companies.

22. Other Extraordinary Losses

In the fiscal year ended March 31, 2011, other extraordinary losses include ¥2,677 million of losses from the abolishment of a portion of the retirement benefit system of the Company associated with revisions in the retirement benefit system for nonsales personnel and others and ¥1,477 million of contributions for assisting social public welfare.

23. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

(1) Reclassification adjustments to profit or loss relating to other comprehensive income

For the year ended March 31, 2013

	Millions of Yen		Millions of U.S. Dollars	
Net unrealized gains on available-for-sale securities, net of tax:				
Gains arising during the year	¥2,045,785		$21,752	
Reclassification adjustments to profit or loss	80,364	¥2,126,149	854	$22,606
Deferred (losses) gains on derivatives under hedge accounting, net of tax:				
Losses arising during the year	(94,119)		(1,000)	
Reclassification adjustments to profit or loss	(2,805)	(96,924)	(29)	(1,030)
Foreign currency translation adjustments:				
Losses arising during the year	26,151		278	
Reclassification adjustments to profit or loss	—	26,151	—	278
Share of other comprehensive income of associates accounted for under the equity method:				
Gains arising during the year	4,696		49	
Reclassification adjustments to profit or loss	(132)	4,563	(1)	48
Amount before income tax effect		2,059,940		21,902
Income tax effect		(607,362)		(6,457)
Total other comprehensive income		¥1,452,577		$15,444

For the year ended March 31, 2012

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

(2) Income tax effect relating to other comprehensive income

For the year ended March 31, 2013

	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	¥2,126,149	¥(639,080)	¥1,487,069	$22,606	$(6,795)	$15,811
Deferred (losses) gains on derivatives under hedge accounting, net of tax	(96,924)	29,765	(67,159)	(1,030)	316	(714)
Land revaluation differences	—	1,952	1,952	—	20	20
Foreign currency translation adjustments	26,151	—	26,151	278	—	278
Share of other comprehensive income of associates accounted for under the equity method	4,563	—	4,563	48	—	48
Total other comprehensive income	¥2,059,940	¥(607,362)	¥1,452,577	$21,902	$(6,457)	$15,444

For the year ended March 31, 2012

	Millions of Yen		
	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
Deferred (losses) gains on derivatives under hedge accounting, net of tax	(20,743)	6,941	(13,802)
Land revaluation differences	—	25,450	25,450
Foreign currency translation adjustments	(2,671)	—	(2,671)
Share of other comprehensive income of associates accounted for under the equity method	1,246	—	1,246
Total other comprehensive income	¥310,545	¥(23,543)	¥287,002

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.

24. Others

The following items are disclosed in the nonconsolidated 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

25. Subsequent Event

Approval of proposed appropriation of surplus by the annual meeting of the representatives of policyholders.

The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2013, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2013.

6. Nonconsolidated Balance Sheets

Nippon Life Insurance Company

As of March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
ASSETS:				
Cash and deposits (Note 3):	¥ 502,956	¥ 422,236	¥ 644,654	$ 5,347
Cash	550	562	872	5
Deposits	502,405	421,673	643,782	5,341
Call loans	**203,900**	**212,300**	**119,800**	**2,167**
Receivables under securities borrowing transactions	**150,709**	**211,928**	**392,526**	**1,602**
Monetary receivables purchased (Note 3)	**756,320**	**883,070**	**1,021,145**	**8,041**
Investments in securities (Notes 3, 5, 15 and 16):				
National government bonds	16,543,499	14,668,001	13,360,956	175,901
Local government bonds	1,586,508	1,583,685	1,667,879	16,868
Corporate bonds	3,092,231	3,218,751	3,228,114	32,878
Domestic stocks	6,917,409	6,071,844	6,497,618	73,550
Foreign securities	13,556,511	11,608,261	10,452,770	144,141
Other securities	578,037	372,215	467,406	6,146
Subtotal	**42,274,197**	**37,522,761**	**35,674,745**	**449,486**
Loans (Notes 3, 17 and 18):				
Policy loans	835,460	896,347	965,794	8,883
Industrial and consumer loans	7,746,341	7,825,262	7,777,595	82,364
Subtotal	**8,581,801**	**8,721,609**	**8,743,389**	**91,247**
Tangible fixed assets (Notes 4, 6, 15 and 23):				
Land	1,144,344	1,198,419	1,202,499	12,167
Buildings	484,567	515,114	523,417	5,152
Lease assets	2,713	3,205	4,652	28
Construction in progress	31,132	13,500	23,014	331
Other tangible fixed assets	13,543	20,163	13,659	143
Subtotal	**1,676,301**	**1,750,402**	**1,767,242**	**17,823**
Intangible fixed assets:				
Software	93,186	110,219	72,718	990
Other intangible fixed assets	91,804	89,952	124,064	976
Subtotal	**184,990**	**200,172**	**196,783**	**1,966**
Reinsurance receivables	**222**	**222**	**319**	**2**
Other assets:				
Accounts receivable	152,896	268,391	184,386	1,625
Prepaid expenses	8,706	9,822	10,079	92
Accrued income	236,498	220,629	222,000	2,514
Money on deposit	38,575	39,638	40,926	410
Deposits for futures transactions	6,285	5,182	5,153	66
Futures transactions variation margin	46	25	923	0
Derivative financial instruments (Note 3)	71,453	28,718	29,747	759
Suspense	6,411	13,446	11,165	68
Other assets	10,019	19,049	21,531	106
Subtotal	**530,894**	**604,904**	**525,916**	**5,644**
Deferred tax assets (Note 24)	—	**466,934**	**742,040**	—
Customers' liability for acceptances and guarantees	**29,233**	**26,755**	**21,038**	**310**
Allowance for doubtful accounts	**(8,704)**	**(13,885)**	**(23,484)**	**(92)**
Total assets	**¥54,882,824**	**¥51,009,414**	**¥49,826,117**	**$583,549**

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

	Millions of Yen			Millions of U.S. Dollars
As of March 31	**2013**	**2012**	**2011**	**2013**
LIABILITIES:				
Policy reserves and other reserves:				
Reserve for outstanding claims	¥ 203,848	¥ 206,634	¥ 248,568	$ 2,167
Policy reserves (Notes 19 and 22)	46,161,263	44,448,079	43,106,896	490,816
Reserve for dividends to policyholders (Note 9)	1,105,093	1,120,336	1,144,330	11,750
Subtotal	**47,470,205**	**45,775,051**	**44,499,795**	**504,733**
Reinsurance payables	**271**	**335**	**326**	**2**
Corporate bonds (Notes 4 and 10)	**157,040**	**—**	**—**	**1,669**
Other liabilities:				
Cash received as collateral under securities lending transactions	1,212,021	935,584	1,297,252	12,886
Loans payable	25	32	41	0
Income taxes payable	45,091	—	102,181	479
Accounts payable	264,435	332,320	383,514	2,811
Accrued expenses	63,373	62,518	60,365	673
Deferred income	22,246	21,730	21,538	236
Deposits received	99,495	101,190	101,450	1,057
Guarantee deposits received	84,171	88,442	91,005	894
Futures transactions variation margin	155	42	2	1
Derivative financial instruments	330,715	218,942	110,847	3,516
Lease obligations	4,262	4,565	4,974	45
Asset retirement obligations	2,035	2,012	1,802	21
Suspense receipts	19,758	12,201	13,230	210
Other liabilities	128	10,891	36,242	1
Subtotal	**2,147,917**	**1,790,476**	**2,224,448**	**22,838**
Accrued bonuses for directors and corporate auditors	**52**	**53**	**57**	**0**
Accrued retirement benefits (Note 12)	**433,184**	**437,421**	**440,503**	**4,605**
Accrued retirement benefits for directors and corporate auditors	**4,374**	**4,564**	**5,118**	**46**
Reserve for program points	**9,564**	**7,238**	**4,652**	**101**
Accrued losses from supporting closely related companies	**—**	**397**	**424**	**—**
Reserve for loss on disaster	**—**	**739**	**1,826**	**—**
Reserve for price fluctuations in investments in securities	**427,529**	**333,710**	**347,003**	**4,545**
Deferred tax liabilities	**123,652**	**—**	**—**	**1,314**
Deferred tax liabilities for land revaluation	**129,132**	**142,498**	**171,952**	**1,373**
Acceptances and guarantees	**29,233**	**26,755**	**21,038**	**310**
Total liabilities	**50,932,158**	**48,519,242**	**47,717,146**	**541,543**
NET ASSETS:				
Foundation funds (Note 14)	**300,000**	**300,000**	**250,000**	**3,189**
Reserve for redemption of foundation funds (Note 14)	**950,000**	**900,000**	**850,000**	**10,101**
Reserve for revaluation	**651**	**651**	**651**	**6**
Surplus:				
Legal reserve for deficiencies	12,571	11,889	11,193	133
Other surplus reserves:	338,006	330,392	335,242	3,593
Contingency funds	71,917	71,917	71,917	764
Reserve for social public welfare assistance	236	213	190	2
Reserve for reduction entry of real estate	34,666	31,746	31,701	368
Other reserves	170	170	170	1
Unappropriated surplus	231,016	226,344	231,264	2,456
Total surplus	**350,577**	**342,281**	**346,435**	**3,727**
Total foundation funds and others	**1,601,228**	**1,542,932**	**1,447,086**	**17,025**
Net unrealized gains on available-for-sale securities, net of tax	**2,508,046**	**1,021,724**	**745,036**	**26,667**
Deferred (losses) gains on derivatives under hedge accounting, net of tax	**(74,128)**	**(6,969)**	**6,832**	**(788)**
Land revaluation differences	**(84,481)**	**(67,515)**	**(89,985)**	**(898)**
Total valuations, conversions, and others	**2,349,436**	**947,239**	**661,884**	**24,980**
Total net assets	**3,950,665**	**2,490,171**	**2,108,971**	**42,006**
Total liabilities and net assets	**¥54,882,824**	**¥51,009,414**	**¥49,826,117**	**$583,549**

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

7. Nonconsolidated Statements of Income

Nippon Life Insurance Company

	Millions of Yen			Millions of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
ORDINARY INCOME:				
Revenues from insurance and reinsurance:				
Insurance premiums	¥5,342,079	¥5,367,387	¥4,895,562	$56,800
Reinsurance revenue	777	885	851	8
Subtotal	**5,342,857**	**5,368,272**	**4,896,413**	**56,808**
Investment income (Note 21)**:**				
Interest, dividends, and other income:	1,217,010	1,198,148	1,204,606	12,940
Interest on deposits and savings	272	285	314	2
Interest on securities and dividends	935,962	904,267	899,194	9,951
Interest on loans	178,296	185,293	187,415	1,895
Real estate rental income	82,608	85,868	92,155	878
Other income	19,870	22,434	25,526	211
Gain from assets held in trust, net	13	16	—	0
Gain on sales of securities	192,348	233,923	330,845	2,045
Gain on redemptions of securities	284	239	2,120	3
Foreign exchange gains, net	1,201	—	—	12
Reversal of allowance for doubtful accounts	4,561	5,964	—	48
Other investment income	857	2,995	826	9
Gain from separate accounts, net	144,611	18,640	—	1,537
Subtotal	**1,560,888**	**1,459,929**	**1,538,398**	**16,596**
Other ordinary income:				
Income from annuity riders	7,769	10,328	12,842	82
Income from deferred benefits	152,482	171,335	178,293	1,621
Reversal of reserve for outstanding claims	2,786	41,933	—	29
Other ordinary income	27,445	23,187	20,903	291
Subtotal	**190,483**	**246,785**	**212,039**	**2,025**
Total ordinary income	**7,094,229**	**7,074,986**	**6,646,851**	**75,430**
ORDINARY EXPENSES:				
Benefits and other payments:				
Death and other claims	1,059,742	1,167,385	1,135,052	11,267
Annuity payments	686,205	649,373	568,489	7,296
Health and other benefits	828,082	804,484	830,497	8,804
Surrender benefits	834,495	1,011,204	1,014,833	8,872
Other refunds	207,332	252,933	262,853	2,204
Reinsurance premiums	1,271	1,337	1,296	13
Subtotal	**3,617,129**	**3,886,720**	**3,813,023**	**38,459**
Provision for policy reserves:				
Provision for reserve for outstanding claims	—	—	25,843	—
Provision for policy reserves	1,713,183	1,341,183	1,092,521	18,215
Provision for interest on reserve for dividends to policyholders (Note 9)	25,830	27,087	29,228	274
Subtotal	**1,739,014**	**1,368,270**	**1,147,592**	**18,490**
Investment expenses (Note 21)**:**				
Interest expenses	4,717	2,658	2,839	50
Loss from assets held in trust, net	—	—	605	—
Loss on sales of securities	72,088	154,062	253,082	766
Loss on valuation of securities	98,668	29,364	140,243	1,049
Loss on redemptions of securities	30,526	16,265	16,191	324
Loss on derivative financial instruments, net	176,689	157,980	27,178	1,878
Foreign exchange losses, net	—	6,282	7,619	—
Write-offs of loans	1	3	0	0
Depreciation of rental real estate and other assets	23,954	25,848	26,045	254
Other investment expenses	21,503	21,993	27,296	228
Loss from separate accounts, net	—	—	34,818	—
Subtotal	**428,149**	**414,459**	**535,921**	**4,552**
Operating expenses (Note 20)	**566,920**	**572,065**	**573,889**	**6,027**
Other ordinary expenses:				
Deferred benefit payments	243,173	248,424	237,165	2,585
Taxes	37,376	37,392	34,972	397
Depreciation	57,839	50,511	48,035	614
Provision for accrued retirement benefits	—	—	9,469	—
Other ordinary expenses	15,883	15,573	15,687	168
Subtotal	**354,273**	**351,902**	**345,329**	**3,766**
Total ordinary expenses	**6,705,486**	**6,593,418**	**6,415,755**	**71,297**
Ordinary profit	**¥ 388,742**	**¥ 481,568**	**¥ 231,096**	**$ 4,133**

For the years ended March 31	2013 (Millions of Yen)	2012 (Millions of Yen)	2011 (Millions of Yen)	2013 (Millions of U.S. Dollars)
Extraordinary gains:				
Gain on disposals of fixed assets	¥ 4,138	¥ 72	¥ 1,588	$ 43
Reversal of reserve for price fluctuations in investments in securities	—	13,293	51,008	—
Reversal of allowance for doubtful accounts	—	—	2,256	—
Reversal of reserve for loss on disaster	326	335	—	3
Other extraordinary gains (Note 27)	388	—	—	4
Subtotal	**4,853**	**13,700**	**54,852**	**51**
Extraordinary losses:				
Loss on disposals of fixed assets	31,130	7,013	6,476	330
Impairment losses (Note 23)	17,602	13,900	11,756	187
Provision for reserve for price fluctuations in investments in securities	93,819	—	—	997
Loss on reduction entry of real estate	2,531	57	397	26
Contributions for assisting social public welfare	1,477	1,477	1,477	15
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 28)	—	—	2,677	—
Subtotal	**146,560**	**22,449**	**25,782**	**1,558**
Surplus before income taxes	**247,035**	**472,819**	**260,166**	**2,626**
Income taxes (Notes 13 and 24)**:**				
Current	66,158	28,821	118,384	703
Deferred	(29,745)	222,112	(90,000)	(316)
Total income taxes	36,412	250,933	28,383	387
Net surplus	**¥210,622**	**¥221,886**	**¥231,782**	**$ 2,239**

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

8. Nonconsolidated Statements of Changes in Net Assets

Nippon Life Insurance Company

For the years ended March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
FOUNDATION FUNDS AND OTHERS:				
Foundation funds (Note 14)**:**				
Beginning balance	¥ 300,000	¥ 250,000	¥ 250,000	$ 3,189
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Net change	—	50,000	—	—
Ending balance	300,000	300,000	250,000	3,189
Reserve for redemption of foundation funds (Note 14)**:**				
Beginning balance	900,000	850,000	800,000	9,569
Increase/decrease:				
Additions to reserve for redemption of foundation funds	50,000	50,000	50,000	531
Net change	50,000	50,000	50,000	531
Ending balance	950,000	900,000	850,000	10,101
Reserve for revaluation:				
Beginning balance	651	651	651	6
Increase/decrease				
Net change	—	—	—	—
Ending balance	651	651	651	6
Surplus:				
Legal reserve for deficiencies:				
Beginning balance	11,889	11,193	10,425	126
Increase/decrease:				
Additions to legal reserve for deficiencies	682	696	768	7
Net change	682	696	768	7
Ending balance	12,571	11,889	11,193	133
Other surplus reserves:				
Contingency funds:				
Beginning balance	71,917	71,917	71,917	764
Increase/decrease				
Net change	—	—	—	—
Ending balance	71,917	71,917	71,917	764
Reserve for social public welfare assistance:				
Beginning balance	213	190	167	2
Increase/decrease:				
Additions to reserve for social public welfare assistance	1,500	1,500	1,500	15
Reversal of reserve for social public welfare assistance	(1,477)	(1,477)	(1,477)	(15)
Net change	23	23	23	0
Ending balance	236	213	190	2
Reserve for reduction entry of real estate:				
Beginning balance	31,746	31,701	32,140	337
Increase/decrease:				
Additions to reserve for reduction entry of real estate	3,604	714	590	38
Reversal of reserve for reduction entry of real estate	(685)	(668)	(1,029)	(7)
Net change	2,919	45	(439)	31
Ending balance	34,666	31,746	31,701	368
Other reserves:				
Beginning balance	170	170	170	1
Increase/decrease				
Net change	—	—	—	—
Ending balance	170	170	170	1
Unappropriated surplus:				
Beginning balance	226,344	231,264	254,669	2,406
Increase/decrease:				
Additions to reserve for dividends to policyholders (Note 9)	(167,313)	(175,513)	(199,189)	(1,778)
Additions to legal reserve for deficiencies	(682)	(696)	(768)	(7)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	210,622	221,886	231,782	2,239
Additions to reserve for social public welfare assistance	(1,500)	(1,500)	(1,500)	(15)
Reversal of reserve for social public welfare assistance	1,477	1,477	1,477	15
Additions to reserve for reduction entry of real estate	(3,604)	(714)	(590)	(38)
Reversal of reserve for reduction entry of real estate	685	668	1,029	7
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change	4,672	(4,919)	(23,405)	49
Ending balance	231,016	226,344	231,264	2,456

For the years ended March 31	Millions of Yen 2013	2012	2011	Millions of U.S. Dollars 2013
Total surplus:				
Beginning balance	¥ 342,281	¥ 346,435	¥ 369,489	$ 3,639
Increase/decrease:				
Additions to reserve for dividends to policyholders	(167,313)	(175,513)	(199,189)	(1,778)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	210,622	221,886	231,782	2,239
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change	8,296	(4,154)	(23,053)	88
Ending balance	350,577	342,281	346,435	3,727
Total foundation funds and others:				
Beginning balance	1,542,932	1,447,086	1,420,140	16,405
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Additions to reserve for dividends to policyholders	(167,313)	(175,513)	(199,189)	(1,778)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	210,622	221,886	231,782	2,239
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change	58,296	95,845	26,946	619
Ending balance	1,601,228	1,542,932	1,447,086	17,025
Valuations, conversions, and others:				
Net unrealized gains on available-for-sale securities, net of tax:				
Beginning balance	1,021,724	745,036	1,176,023	10,863
Increase/decrease:				
Net change, excluding foundation funds and others	1,486,322	276,688	(430,986)	15,803
Net change	1,486,322	276,688	(430,986)	15,803
Ending balance	2,508,046	1,021,724	745,036	26,667
Deferred (losses) gains on derivatives under hedge accounting, net of tax:				
Beginning balance	(6,969)	6,832	(602)	(74)
Increase/decrease:				
Net change, excluding foundation funds and others	(67,159)	(13,802)	7,435	(714)
Net change	(67,159)	(13,802)	7,435	(714)
Ending balance	(74,128)	(6,969)	6,832	(788)
Land revaluation differences:				
Beginning balance	(67,515)	(89,985)	(91,111)	(717)
Increase/decrease:				
Net change, excluding foundation funds and others	(16,965)	22,469	1,126	(180)
Net change	(16,965)	22,469	1,126	(180)
Ending balance	(84,481)	(67,515)	(89,985)	(898)
Total valuations, conversions, and others:				
Beginning balance	947,239	661,884	1,084,309	10,071
Increase/decrease:				
Net change, excluding foundation funds and others	1,402,197	285,355	(422,425)	14,909
Net change	1,402,197	285,355	(422,425)	14,909
Ending balance	2,349,436	947,239	661,884	24,980
Total net assets:				
Beginning balance	2,490,171	2,108,971	2,504,449	26,477
Increase/decrease:				
Issuance of foundation funds	50,000	100,000	50,000	531
Additions to reserve for dividends to policyholders	(167,313)	(175,513)	(199,189)	(1,778)
Interest on foundation funds	(3,930)	(3,508)	(3,650)	(41)
Net surplus	210,622	221,886	231,782	2,239
Redemption of foundation funds	(50,000)	(50,000)	(50,000)	(531)
Reversal of land revaluation differences	18,917	2,981	(1,995)	201
Net change, excluding foundation funds and others	1,402,197	285,355	(422,425)	14,909
Net change	1,460,493	381,200	(395,478)	15,528
Ending balance	¥3,950,665	¥2,490,171	¥2,108,971	$42,006

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

9. Nonconsolidated Proposed Appropriations of Surplus

Nippon Life Insurance Company

	Thousands of Yen			Thousands of U.S. Dollars
For the years ended March 31	**2013**	**2012**	**2011**	**2013**
Unappropriated surplus	**¥231,016,619**	**¥226,344,537**	**¥231,264,000**	**$2,456,317**
Reversal from voluntary surplus reserves:	**1,841,308**	**685,311**	**668,543**	**19,577**
Reversal of reserve for reduction entry of real estate	1,841,308	685,311	668,543	19,577
Total	**¥232,857,928**	**¥227,029,849**	**¥231,932,543**	**$2,475,895**
Appropriations:	**¥232,857,928**	**¥227,029,849**	**¥231,932,543**	**$2,475,895**
Reserve for dividends to policyholders	167,172,049	167,313,298	175,513,864	1,777,480
Net surplus	65,685,879	59,716,550	56,418,678	698,414
Legal reserve for deficiencies	699,000	682,000	696,000	7,432
Reserve for redemption of foundation funds	50,000,000	50,000,000	50,000,000	531,632
Interest on foundation funds	3,585,000	3,930,000	3,508,250	38,118
Voluntary surplus reserves:	11,401,879	5,104,550	2,214,428	121,232
Reserve for social public welfare assistance	1,500,000	1,500,000	1,500,000	15,948
Reserve for reduction entry of real estate	9,868,719	3,604,550	714,428	104,930
Reserve for reduction entry of real estate to be purchased	33,159	—	—	352
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, 2013, was 95.38%.
Amounts of less than one thousand yen and one thousand of U.S. dollars have been eliminated in the table above.

10. Notes to the Nonconsolidated Financial Statements

Nippon Life Insurance Company

1. Basis of Presenting the Nonconsolidated Financial Statements

(1) Accounting principles and presentation

The accompanying nonconsolidated 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 Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry, and in accordance 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 nonconsolidated 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 disclosures required by the Japanese Commercial Code and the Insurance Business Act, they are not provided herein. The information provided in the nonconsolidated financial statements including the notes to the nonconsolidated financial statements is limited to that required by Japanese laws and regulations. Amounts of less than one million yen and one million U.S. dollars 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, nonconsolidated 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 nonconsolidated financial statements in Japanese yen. The U.S. dollar amounts included in the nonconsolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥94.05=U.S.$1, the effective rate of exchange at the balance sheet date of March 31, 2013. 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 ¥94.05=U.S.$1 or at any other rate.

2. Summary of Significant Accounting Policies

(1) Securities and hedging activities

1) 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
     - a. Regarding 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).
     - b. Regarding securities of which the market value is extremely difficult to be determined, 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 at cost using the moving average method, net of accumulated amortization (straight-line). Other securities are valued at cost using the moving average method.

2) Unrealized gains/losses, net of applicable taxes for available-for-sale securities, 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.

(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 are depreciated based on the following methods:

a. Tangible fixed assets (except for lease assets)

(i) Buildings acquired on or after April 1, 1998 (except for fixtures and structures)

Straight-line method.

(ii) Assets other than the above

Declining balance method.

b. Lease assets

(i) Lease assets related to financial leases where ownership is transferred

The same depreciation method applied to fixed assets owned by the Company.

(ii) Lease assets related to financial leases where ownership is not transferred

Straight-line method based on lease period.

The estimated useful lives of major items are as follows:

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

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

Following tax reforms enacted in Japan in the fiscal year ended March 31, 2012, the Company adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012, to which the declining balance method is applied, from the fiscal year ended March 31, 2013. As a result, ordinary profit and surplus before income taxes increased by ¥435 million (U.S.$4 million) in comparison with the previous method.

2) Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect of the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as a deferred tax liability 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.

The excess of the total book value of this land after revaluation as of March 31, 2013, over the total fair value of land used in operations, as revalued in accordance with Article 10 of the Act on Revaluation of Land as of the same date, was ¥3,351 million (U.S.$35 million).

(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 (5 years).

(6) Leases

Financial leases where ownership is not transferred 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 the disposal of collateral or the 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 ¥831 million (U.S.$8 million) (including ¥313 million (U.S.$3 million) of credits secured and/or guaranteed), ¥1,754 million (including ¥1,114 million of credits secured and/or guaranteed) and ¥2,996 million (including ¥1,961 million of credits secured and/or guaranteed) as of March 31, 2013, 2012 and 2011, 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

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.

(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

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 the estimated amounts required in the future to support 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. The amount of policy reserves provided during the fiscal year ended March 31, 2011, was ¥230,037 million.

(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 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 Standard 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 nonconsolidated statement of income, is now included in investment income. As a result, ordinary profit increased by ¥5,964 million but there was no impact on net surplus for the fiscal year ended March 31, 2012.

(20) New accounting pronouncements

The main accounting standard that has yet to be adopted is the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), which are described as follows:

1) Outline
   The accounting standard has been amended mainly focusing on the determination of retirement benefit obligations and service costs, as well as the enhancement of disclosures.
2) Planned adoption date
   The Company plans to adopt the accounting standard from March 31, 2014. However, the Company plans to adopt the amendment regarding the determination of retirement benefit obligations and service costs from April 1, 2013.
3) Impact of applying this accounting standard
   The Company is currently evaluating the monetary impact.

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 has 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 has 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 invests 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 incurring losses 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 which is 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 obtains 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	2013			2012			2011			2013		
	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)	¥ 298,997	¥ 298,997	¥ —	¥ 250,997	¥ 250,997	¥ —	¥ 422,995	¥ 422,995	¥ —	$ 3,179	$ 3,179	$ —
Available-for-sale securities	298,997	298,997	—	250,997	250,997	—	422,955	422,955	—	3,179	3,179	—
Monetary receivables purchased	756,320	810,224	53,904	883,070	926,722	43,652	1,021,145	1,055,755	34,610	8,041	8,614	573
Policy-reserve-matching bonds	698,039	751,943	53,904	806,689	850,341	43,652	986,555	1,021,165	34,610	7,421	7,995	573
Available-for-sale securities	58,281	58,281	—	76,381	76,381	—	34,589	34,589	—	619	619	—
Securities	40,934,073	42,973,432	2,039,358	36,243,953	37,377,929	1,133,975	34,322,587	35,005,427	682,840	435,237	456,921	21,684
Trading securities	1,072,950	1,072,950	—	1,041,876	1,041,876	—	1,182,649	1,182,649	—	11,408	11,408	—
Held-to-maturity debt securities	—	—	—	14,500	14,479	(21)	16,511	16,648	137	—	—	—
Policy-reserve-matching bonds	18,905,385	20,908,019	2,002,633	17,421,958	18,542,260	1,120,301	16,428,921	17,085,273	656,352	201,014	222,307	21,293
Investments in subsidiaries and affiliates	7,711	44,436	36,725	7,711	21,406	13,695	7,711	34,062	26,351	81	472	390
Available-for-sale securities	20,948,026	20,948,026	—	17,757,906	17,757,906	—	16,686,793	16,686,793	—	222,732	222,732	—
Loans (*3)	8,574,646	8,894,847	320,200	8,710,573	8,976,875	266,301	8,730,667	8,964,979	234,311	91,171	94,575	3,404
Policy loans	835,281	835,281	—	896,161	896,161	—	965,614	965,614	—	8,881	8,881	—
Industrial and consumer loans	7,739,365	8,059,565	320,200	7,814,412	8,080,713	266,301	7,765,053	7,999,365	234,311	82,289	85,694	3,404
Derivative financial instruments (*4)	(259,261)	(259,261)	—	(190,224)	(190,224)	—	(81,099)	(81,099)	—	(2,756)	(2,756)	—
Hedge accounting not applied	37	37	—	(81,081)	(81,081)	—	102	102	—	0	0	—
Hedge accounting applied	(259,298)	(259,298)	—	(109,143)	(109,143)	—	(81,201)	(81,201)	—	(2,757)	(2,757)	—
Corporate bonds (*3,*5)	(157,040)	(159,039)	(1,999)	—	—	—	—	—	—	(1,669)	(1,691)	(21)
Cash received as collateral under securities lending transactions (*5)	¥ (1,212,021)	¥ (1,212,021)	¥ —	¥ (935,584)	¥ (935,584)	¥ —	¥ (1,297,252)	¥ (1,297,252)	¥ —	$ (12,886)	$ (12,886)	$ —

*(*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, 2013, 2012 and 2011, 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 and corporate bonds because they are accounted for as an integral part of the loans and corporate bonds that are the 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) Corporate bonds and cash received as collateral under securities lending transactions are 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 other characteristics. 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 stock options is measured by the value obtained from financial institutions that are the counterparties in such transactions.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates (TTM) and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. 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 other data.

4) Corporate bonds

Corporate bonds are stated at market value on the balance sheet date.

5) Cash received as collateral under securities lending transactions

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 ¥285,945 million (U.S.$3,040 million), ¥247,911 million and ¥184,081 million for stocks of subsidiaries and affiliates, and ¥1,054,178 million (U.S.$11,208 million), ¥1,030,896 million and ¥1,160,076 million for available-for-sale securities as of March 31, 2013, 2012 and 2011, 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, 2013, 2012 and 2011.

Valuation differences included in profit and loss were gains of ¥103,266 million (U.S.$1,097 million), losses of ¥11,977 million and losses of ¥32,320 million for securities related to separate accounts for the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

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	2013			2012			2011			2013		
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	$—	$—	$—
Market value does not exceed the balance sheet amount												
Domestic bonds	—	—	—	2,499	2,417	(82)	2,499	2,460	(39)	—	—	—
Total	¥—	¥—	¥—	¥14,500	¥14,479	¥(21)	¥16,511	¥16,648	¥137	$—	$—	$—

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	2013			2012			2011			2013		
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	¥ 636,067	¥ 690,445	¥ 54,377	¥ 748,842	¥ 792,984	¥ 44,141	¥ 898,628	¥ 934,471	¥ 35,842	$ 6,763	$ 7,341	$ 578
Domestic bonds	18,734,266	20,741,509	2,007,243	17,108,566	18,250,757	1,142,191	14,690,166	15,371,394	681,228	199,194	220,537	21,342
Foreign securities	81,033	85,399	4,366	68,973	71,780	2,806	80,912	83,598	2,685	861	908	46
Subtotal	19,451,366	21,517,353	2,065,986	17,926,383	19,115,522	1,189,139	15,669,707	16,389,465	719,757	206,819	228,786	21,966
Market value does not exceed the balance sheet amount												
Monetary receivables purchased	61,971	61,498	(472)	57,846	57,357	(488)	87,926	86,693	(1,232)	658	653	(5)
Domestic bonds	89,276	80,303	(8,973)	231,192	206,831	(24,360)	1,651,047	1,623,521	(27,525)	949	853	(95)
Foreign securities	810	807	(2)	13,226	12,890	(336)	6,795	6,758	(36)	8	8	(0)
Subtotal	152,057	142,608	(9,448)	302,265	277,079	(25,185)	1,745,768	1,716,974	(28,794)	1,616	1,516	(100)
Total	¥19,603,424	¥21,659,962	¥2,056,538	¥18,228,648	¥19,392,601	¥1,163,953	¥17,415,476	¥18,106,439	¥690,962	$208,436	$230,302	$21,866

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	2013			2012			2011			2013		
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)	¥ 4,000	¥ 4,000	¥ 0	¥ —	¥ —	¥ —	¥ 10,000	¥ 10,000	¥ 0	$ 42	$ 42	$ 0
Monetary receivables purchased	—	—	—	2,855	2,860	4	4,283	4,776	492	—	—	—
Domestic bonds	1,917,151	2,017,712	100,561	1,669,385	1,725,313	55,928	1,158,509	1,196,553	38,044	20,384	21,453	1,069
Domestic stocks	3,003,896	5,396,584	2,392,688	2,656,297	4,045,678	1,389,380	3,147,836	4,687,672	1,539,836	31,939	57,379	25,440
Foreign securities	10,041,063	11,422,644	1,381,580	7,936,643	8,551,825	615,182	4,011,331	4,253,656	242,325	106,763	121,452	14,689
Other securities	349,996	388,421	38,425	170,767	178,190	7,423	212,419	219,393	6,973	3,721	4,129	408
Subtotal	15,316,107	19,229,363	3,913,256	12,435,950	14,503,868	2,067,918	8,544,381	10,372,053	1,827,671	162,850	204,458	41,608
Balance sheet amount does not exceed acquisition cost or amortized cost												
Cash and deposits (negotiable certificates of deposit)	295,000	294,997	(2)	251,000	250,997	(2)	413,000	412,995	(4)	3,136	3,136	(0)
Monetary receivables purchased	58,291	58,281	(10)	73,540	73,521	(19)	29,843	29,813	(30)	619	619	(0)
Domestic bonds	51,193	49,350	(1,843)	55,089	47,378	(7,711)	288,593	285,039	(3,553)	544	524	(19)
Domestic stocks	1,301,935	1,041,168	(260,767)	1,996,138	1,551,249	(444,889)	1,570,618	1,218,319	(352,299)	13,843	11,070	(2,772)
Foreign securities	626,364	611,958	(14,406)	1,688,081	1,614,767	(73,314)	4,988,547	4,737,693	(250,854)	6,659	6,506	(153)
Other securities	24,623	20,185	(4,437)	58,887	43,503	(15,383)	112,281	88,463	(23,817)	261	214	(47)
Subtotal	2,357,409	2,075,941	(281,467)	4,122,738	3,581,417	(541,320)	7,402,885	6,772,326	(630,559)	25,065	22,072	(2,992)
Total	¥17,673,517	¥21,305,305	¥3,631,788	¥16,558,688	¥18,085,285	¥1,526,597	¥15,947,266	¥17,144,379	¥1,197,112	$187,916	$226,531	$38,615

** Securities totaling ¥1,054,178 million (U.S.$11,208 million), ¥1,030,896 million and ¥1,160,076 million, whose market values are extremely difficult to determine, as of March 31, 2013, 2012 and 2011, respectively, are not included.*

¥96,901 million (U.S.$1,030 million), ¥25,760 million and ¥118,932 million in impairment losses were recognized for securities with a market value during the fiscal years ended March 31, 2013, 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, 2013	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):	¥ 299,000	¥ —	¥ —	¥ —	$ 3,179	$ —	$ —	$ —
Available-for-sale securities	299,000	—	—	—	3,179	—	—	—
Monetary receivables purchased:	58,260	10,203	57,658	629,243	619	108	613	6,690
Policy-reserve-matching bonds	1,260	10,203	56,959	628,651	13	108	605	6,684
Available-for-sale securities	57,000	—	698	592	606	—	7	6
Securities:	707,937	4,847,012	5,253,063	20,712,734	7,527	51,536	55,853	220,231
Policy-reserve-matching bonds	329,179	3,048,360	1,943,515	13,457,660	3,500	32,412	20,664	143,090
Available-for-sale securities	378,758	1,798,652	3,309,547	7,255,074	4,027	19,124	35,189	77,140
Loans	1,001,027	3,060,813	2,071,488	1,603,324	10,643	32,544	22,025	17,047
Corporate bonds	—	—	—	157,040	—	—	—	1,669
Cash received as collateral under securities lending transactions	1,212,021	—	—	—	12,886	—	—	—

** Assets such as policy loans, for which a period is not stipulated, are not included.*
Also, ¥8,028 million (U.S.$85 million) in loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are not included.

As of March 31, 2012	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):	¥ 251,000	¥ —	¥ —	¥ —
Available-for-sale securities	251,000	—	—	—
Monetary receivables purchased:	80,750	11,467	58,414	731,377
Policy-reserve-matching bonds	5,865	11,467	57,576	730,675
Available-for-sale securities	74,885	—	837	701
Securities:	466,975	4,359,385	4,855,700	18,529,429
Held-to-maturity debt securities	14,500	—	—	—
Policy-reserve-matching bonds	317,551	2,834,695	1,824,754	12,328,463
Available-for-sale securities	134,923	1,524,689	3,030,946	6,200,965
Loans	1,035,181	3,030,024	2,273,655	1,476,838
Cash received as collateral under securities lending transactions	935,584	—	—	—

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

4. Disclosures about Market Value of Investment and Rental Property

The balance sheet amounts for investment and rental properties were ¥1,121,383 million (U.S.$11,923 million), ¥1,164,127 million and ¥1,189,763 million, with a market value of ¥1,107,845 million (U.S.$11,779 million), ¥1,147,794 million and ¥1,189,873 million as of March 31, 2013, 2012 and 2011, 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 ¥398 million (U.S.$4 million), ¥512 million and ¥463 million as of March 31, 2013, 2012 and 2011, respectively.

5. Securities Loaned and Borrowed

The amounts of securities lent under lending agreements were ¥3,129,761 million (U.S.$33,277 million), ¥2,816,579 million and ¥2,541,150 million as of March 31, 2013, 2012 and 2011, respectively.

Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥372,031 million (U.S.$3,955 million), ¥709,179 million and ¥1,173,504 million at market value as of March 31, 2013, 2012 and 2011, respectively.

6. Accumulated Depreciation

The amounts of accumulated depreciation of tangible fixed assets were ¥1,132,993 million (U.S.$12,046 million), ¥1,141,335 million and ¥1,125,580 million as of March 31, 2013, 2012 and 2011, respectively.

7. Separate Accounts

Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,238,818 million (U.S.$13,171 million), ¥1,146,686 million and ¥1,311,321 million as of March 31, 2013, 2012 and 2011, respectively, and a corresponding liability is recorded in the same amount. The amounts of separate accounts are included in each account balance of the nonconsolidated balance sheets.

8. Monetary Receivables from/and Monetary Liabilities to Subsidiaries

The total amount of credits and debits to subsidiaries as of March 31, 2013, 2012 and 2011, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Monetary receivables	¥155,070	¥167,125	¥183,804	$1,648
Monetary liabilities	4,388	3,381	3,933	46

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, 2013, 2012 and 2011, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Balance at the beginning of the fiscal year	¥1,120,336	¥1,144,330	¥1,150,140	$11,912
Transfer to reserve from surplus in the previous fiscal year	167,313	175,513	199,189	1,778
Dividends to policyholders paid out during the fiscal year	(208,387)	(226,595)	(234,228)	(2,215)
Increase in interest	25,830	27,087	29,228	274
Balance at the end of the fiscal year	¥1,105,093	¥1,120,336	¥1,144,330	$11,750

10. Corporate Bonds

Corporate bonds are subordinated corporate bonds which are denominated in a foreign currency with special provisions that subordinate the fulfillment of obligations on the bonds to all other debt obligations.

11. 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 ¥2,434,569 million (U.S.$25,885 million), ¥1,015,406 million and ¥752,520 million as of March 31, 2013, 2012 and 2011, respectively.

12. Accrued Retirement Benefits

Accrued retirement benefits as of March 31, 2013, 2012 and 2011, consisted of the following:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Retirement benefit obligations	¥(681,027)	¥(695,766)	¥(709,533)	$(7,241)
Pension plan assets	269,678	267,708	273,178	2,867
Accrued retirement benefit cost	(411,349)	(428,058)	(436,355)	(4,373)
Unrecognized actuarial differences	(7,936)	9,300	19,280	(84)
Unrecognized prior service costs	(13,898)	(18,663)	(23,428)	(147)
Accrued retirement benefits	¥(433,184)	¥(437,421)	¥(440,503)	$(4,605)

For nonsales personnel, sales management personnel, 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.

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

Periodic allocation method of estimated retirement benefits	Straight-line
Discount rate	2013, 2012 and 2011: 1.6%
Expected rate of return on plan assets	2013 and 2012: 1.6% 2011: 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 costs	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 nonsales personnel 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 in the fiscal year ended March 31, 2011.

Benefit cost of accrued retirement benefits for the fiscal years ended March 31, 2013, 2012 and 2011, was analyzed as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Service costs	¥25,265	¥25,812	¥27,198	$268
Interest cost	11,132	11,352	12,326	118
Expected return on plan assets	(4,283)	(4,370)	(7,108)	(45)
Amortization of actuarial differences	9,354	8,472	17,239	99
Amortization of prior service costs	(4,765)	(4,765)	(397)	(50)
Losses from abolishment of a part of the retirement benefit system	—	—	2,677	—
Others	2,005	2,403	1,359	21
Net periodic benefit cost	¥38,709	¥38,905	¥53,295	$411

13. Income Taxes

The provision for income taxes is computed based on the pretax income included in the nonconsolidated 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.

14. 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.$531 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, 2013, 2012 and 2011, respectively. ¥50,000 million (U.S.$531 million), ¥100,000 million and ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

15. Pledged Assets

Assets pledged as collateral by securities, land and buildings as of March 31, 2013, were ¥2,134,013 million (U.S.$22,690 million), ¥252 million (U.S.$2 million), and ¥59 million (U.S.$0 million), respectively. The total amount of loans covered by the aforementioned assets was ¥1,212,170 million (U.S.$12,888 million) as of March 31, 2013.

These amounts included ¥1,334,903 million (U.S.$14,193 million) of securities deposited and ¥1,212,149 million (U.S.$12,888 million) of cash received as collateral under the securities lending transactions secured by cash as of March 31, 2013.

Assets pledged as collateral by securities, land and buildings as of March 31, 2012, were ¥1,260,121 million, ¥2,952 million, and ¥274 million, respectively. The total amount of loans covered by the aforementioned assets was ¥946,508 million as of March 31, 2012.

These amounts included ¥1,083,818 million of securities deposited and ¥946,476 million of cash received as collateral under the securities lending transactions 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 transactions secured by cash as of March 31, 2011.

16. Investments in Subsidiaries

The total amounts of stocks and investments in subsidiaries were ¥293,656 million (U.S.$3,122 million), ¥255,622 million and ¥191,792 million as of March 31, 2013, 2012 and 2011, 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, completed 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.

17. 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 ¥42,052 million (U.S.$447 million), ¥42,589 million and ¥42,669 million as of March 31, 2013, 2012 and 2011, respectively.

i) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,658 million (U.S.$28 million) and ¥33,794 million (U.S.$359 million) as of March 31, 2013, ¥3,018 million and ¥33,532 million as of March 31, 2012, and ¥3,127 million and ¥35,301 million as of March 31, 2011.

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, 2013, 2012 and 2011.

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 ¥5,599 million (U.S.$59 million), ¥6,038 million and ¥4,240 million as of March 31, 2013, 2012 and 2011, 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 ¥449 million (U.S.$4 million) and ¥382 million (U.S.$4 million) as of March 31, 2013, ¥752 million and ¥1,001 million as of March 31, 2012, and ¥1,035 million and ¥1,961 million as of March 31, 2011.

18. Loan Commitments

The amounts of commitments related to loans and loans outstanding were ¥201,481 million (U.S.$2,142 million), ¥137,032 million and ¥122,666 million as of March 31, 2013, 2012 and 2011, respectively.

19. 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 ¥179 million (U.S.$1 million), ¥164 million and ¥163 million as of March 31, 2013, 2012 and 2011, respectively.

20. 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 ¥86,176 million (U.S.$916 million), ¥84,947 million and ¥85,971 million as of March 31, 2013, 2012 and 2011, respectively. The amounts contributed to said corporation were recorded within operating expenses for the fiscal year.

21. Investment Income and Expenses

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Domestic bonds including national government bonds	¥76,133	¥ 43,709	¥ 35,190	$809
Domestic stocks	54,060	68,433	149,815	574
Foreign securities	62,155	121,780	145,839	660

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Domestic bonds including national government bonds	¥ 263	¥ 138	¥ 7,148	$ 2
Domestic stocks	56,528	34,992	18,628	601
Foreign securities	15,295	118,926	227,306	162

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Domestic stocks	¥97,749	¥26,206	¥119,372	$1,039
Foreign securities	675	2,702	20,335	7

Loss on derivative financial instruments, net, included net valuation gains of ¥81,709 million (U.S.$868 million), losses of ¥84,089 million and gains of ¥6,503 million for the fiscal years ended March 31, 2013, 2012 and 2011, respectively. Loss from assets held in trust, net, included net valuation gains of ¥2,479 million for the fiscal year ended March 31, 2011.

22. 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 ¥14 million (U.S.$0 million), ¥1 million and a reversal of ¥34 million for the fiscal years ended March 31, 2013, 2012 and 2011, respectively.

23. 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, 2013

	Millions of Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥8,808	¥1,105	¥4,234	¥14,148
Idle property	1,964	30	1,459	3,453
Total	¥10,772	¥1,135	¥5,693	¥17,602

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, 2013

	Millions of U.S. Dollars			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	$ 93	$11	$45	$150
Idle property	20	0	15	36
Total	$114	$12	$60	$187

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.

24. Deferred Tax Assets and Liabilities

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Deferred tax assets	¥1,122,651	¥1,082,260	¥1,306,890	$11,936
Valuation allowance for deferred tax assets	(74,031)	(81,422)	(77,081)	(787)
Subtotal	1,048,620	1,000,838	1,229,809	11,149
Deferred tax liabilities	(1,172,272)	(533,903)	(487,768)	(12,464)
Net deferred tax assets/ (liabilities)	¥ (123,652)	¥ 466,934	¥ 742,040	$ (1,314)

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

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Deferred tax assets:				
Policy reserves and other reserves	¥ 698,811	¥712,374	¥858,041	$ 7,430
Reserve for price fluctuations in investments in securities	135,897	106,193	125,285	1,444
Accrued retirement benefits	134,473	136,388	159,043	1,429
Allowance for doubtful accounts	3,332	5,386	9,908	35
Deferred tax liabilities:				
Net unrealized gains on available-for-sale securities	¥1,132,875	¥494,409	¥441,773	$12,045

(2) The statutory rates were 33.2% for the fiscal year ended March 31, 2013, and 36.1% for the fiscal years ended March 31, 2012 and 2011. The main factors in the difference between the statutory tax rates and the effective income tax rates were as follows:

	2013	2012	2011
Reserve for dividends to policyholders	(22.5)%	(12.8)%	(24.4)%
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 and ¥25,001 million, respectively, net unrealized gains on available-for-sale securities and land revaluation differences increased by ¥87,305 million and ¥25,001 million, respectively, and income taxes—deferred increased by ¥147,915 million.

25. Transactions with Subsidiaries

The total income and expenses from transactions with subsidiaries for the fiscal years ended March 31, 2013, 2012 and 2011, were as follows:

	Millions of Yen			Millions of U.S. Dollars
	2013	2012	2011	2013
Total income	¥11,377	¥ 8,309	¥ 5,667	$120
Total expenses	29,759	32,275	32,344	316

26. Transactions with Related Parties

For the fiscal years ended March 31, 2012 and 2011

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

27. Other Extraordinary Gains

In the fiscal year ended March 31, 2013, other extraordinary gains are reversal of accrued losses from supporting closely related companies.

28. Other Extraordinary Losses

In the fiscal year ended March 31, 2011, other extraordinary losses are losses from the abolishment of a portion of the retirement benefit system associated with revisions in the retirement benefit system for nonsales personnel and others.

29. Subsequent Event

Approval of proposed appropriation of surplus by the annual meeting of the representatives of policyholders.

The nonconsolidated proposed appropriations of surplus for the fiscal year ended March 31, 2013, were approved as planned at the annual meeting of the representatives of policyholders held on July 2, 2013.

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 its consolidated subsidiaries as of March 31, 2013, 2012 and 2011, and the related consolidated statements of income, comprehensive income (loss), changes in net assets, and cash flows 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and 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 accordance 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 its consolidated subsidiaries as of March 31, 2013, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 1 (1) to the consolidated financial statements, the information provided in the consolidated financial statements including notes to the consolidated financial statements is limited to that required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry. Our opinion is not qualified in respect of this matter.

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 accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 22, 2013
(July 2, 2013 as to Note 25)

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 nonconsolidated balance sheets of Nippon Life Insurance Company as of March 31, 2013, 2012 and 2011, and the related nonconsolidated statements of income, and changes in net assets, and the nonconsolidated 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 Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated 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 nonconsolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Life Insurance Company as of March 31, 2013, 2012 and 2011, and the results of its operations for the years then ended in accordance with the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry and accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in Note 1 (1) to the nonconsolidated financial statements, the information provided in the nonconsolidated financial statements including notes to the nonconsolidated financial statements is limited to that required by the Insurance Business Act and the related rules and regulations applicable to the mutual life insurance industry. Our opinion is not qualified in respect of this matter.

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 accordance with the basis stated in Note 1 to the nonconsolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

May 20, 2013
(July 2, 2013 as to Note 29)

Member of
Deloitte Touche Tohmatsu Limited